

CHRISTMAS BLESSING—Pope John Paul II waved to a crowd at the Vatican after his annual message, in which he called for a society built on sobriety and justice. Page 5.

An Outsider Issues a State-of-the-Art Challenge to Fleet Street

By Joseph Lelyveld
New York Times Service

LONDON — Eddie Shah works from an office about three miles from Fleet Street, the natural habitat of English newspapers.

He has never set foot in a Fleet Street newspaper, he says, and has never laid eyes on a Linotype machine, the outmoded hot-metal printing machine still in use on every national newspaper in Britain because of the inflexible resistance of most labor unions to the introduction of new technology.

Yet, in a period of upheaval on Fleet Street, Mr. Shah's name comes up quickly in any conversation on the future of the industry in a nation that remains ravenous, despite television, for printed news and opinion, printed gossip and — in the popular tabloids — printed photos of bare-breasted women.

Mr. Shah, 41, broke into the business in the provinces as the publisher of a string of giveaway papers. He may not be of the Fleet Street world, but he is the vanguard of the technological revolution that is finally looming.

Ten weeks from now, on March 4 or 5 according to present plans, the first editions of his new national tabloid called Today will roll off the presses at four satellite printing plants around England.

Aimed at youthful and upwardly mobile middle-class readers and produced from what was designed to be a state-of-the-art newsroom, it will be the first national daily in Britain to have dispensed entirely with Linotype machines and the trade unions whose members operated them.

Mr. Shah's Today will not only start with the technology, in common use in North America and much of continental Europe for more than a decade, that enables editors to set type by pushing a button on a video terminal. But it also aims to be one of the first major papers anywhere to dispense with cut-and-paste layout operations; like the editing, the design and makeup of its pages will be handled on display terminals.

In addition, it will be the first British daily capable of producing and transmitting color pages from its own plant, using the latest computerized equipment.

Starting from scratch with a reported \$30 million from outside investors and a staff of only 500 — compared with 6,500 on the slumping Mirror — Mr. Shah has run a detour around the union battles that much less ambitious efforts at technological innovation have provoked on Fleet Street.

He won a major confrontation two years ago with the printers union, which placed his provincial papers under siege to force him to maintain a closed shop. He insists he is not anti-union — Today has signed an agreement with the electricians union — but he rules out closed shops.

Unless his editorial product is a complete failure, Mr. Shah is likely to turn a larger profit in his first year than the whole of Fleet Street combined.

Last year, he pointed out in an interview, Britain's nine national dailies and eight Sunday papers had total revenues of close to \$2 billion and total profits of scarcely \$15 million; this year, he said, there probably would be higher revenues but a net loss.

If Mr. Shah proves that it is possible to break into the national competition from outside Fleet Street, he will inevitably have imitators. That prospect, plus the losses that some of the old mainstays are now suffering, lies behind the industry's current turmoil.

Control of three of the six highest circulation dailies — The Mirror, the Daily Express and the Daily Telegraph — has changed hands in just over a year. The three papers together sell more than six million copies daily, but each is losing money, mainly, their owners contend, because of overstaffing.

Mr. Shah's challenge to Fleet Street — symbolized by his decision to situate his paper at the other end of town, near the West End in Finsbury — will go beyond technology.

A hulking figure who looks like a retired football linebacker going to fat, he means to be a new kind of publisher producing what will be, for Britain, a new kind of paper.

Fleet Street, like much of Britain, has suffered from elitism, he says. Publishers have used their papers to advance their views, regarding it as their right to tell readers what to think. There is no need to wait till the next election to know that the Mirror will be the only

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Eddie Shah at his printing plant in Warrington, England.

paper to support the Labor Party, or that the Telegraph will stand, as always, with the Conservatives.

By contrast, Today will cast itself as an independent voice, reflecting the views of an independent readership.

Asked whom his paper would back in the next election, the short-sleeved publisher replied: "How can you know that three years ahead of time? Papers may make up their minds as far ahead as that, but people don't."

Mr. Shah was born in England. His mother was British; his father was of Iranian stock, by way of India. His full name is Selim Jehan Shah.

Important newspaper publishers frequently make their way to the House of Lords. Asked if he could see himself as Lord Shah, he said he did not believe that people who influence public opinion should accept titles from the government.

"I wouldn't take it anyway," he said.



Winnie Mandela, the wife of the jailed black nationalist leader Nelson Mandela, was given a Christmas card Wednesday by Trevor Mamel, a leader of the anti-apartheid United Democratic Front, to deliver to her husband.

4 South African Blacks Slain by Police, Militants

Washington Post Service

JOHANNESBURG — Four more black South Africans died Wednesday as racial unrest continued unabated on Christmas Day.

One of the blacks was killed when police opened fire several times on crowds in a township 36 miles (58 kilometers) north of Cape Town. The other three died in attacks by militants on other blacks whom they regard as collaborators in the apartheid system of segregation.

On Monday, miners stoned a white security officer to death and two blacks were killed by rubber bullets in a clash at a gold mine near Johannesburg.

Meanwhile, South African whites reacted with anger and alarm to the deaths of five whites in a bombing near Durban on Monday.

The government and most of the media attributed the killings and the wounding of 61 white shoppers at the resort of Amanzimtoti to the African National Congress guerrilla organization.

Fighting Between Tribes
The police reported Wednesday that thousands of blacks from the rival Zulu and Pondo tribes have fought battles in which at least 53 persons were killed near the Indian Ocean port of Durban, Agence France Presse reported from Johannesburg.

A police spokesman said about 2,000 Zulus and 3,000 Pondos clashed Tuesday at Umbumbulu, about 18 miles southwest of Durban in Natal province. Police units moved into the area to restore order, he said. It has not been established what led to the battles.

Mali and Burkina Faso Report Border Fighting

The Associated Press

ABIDJAN, Ivory Coast — Two neighboring West African nations, Mali and Burkina Faso, said Wednesday that their forces were engaged in combat against each other in a long-standing border dispute.

The Mali government said it had launched a "vast offensive" against Burkina Faso. It confirmed Burkina Faso reports of border fighting but denied that it had suffered any casualties or losses.

Earlier, Burkina Faso, formerly known as Upper Volta, had accused Mali of attacking four border villages and killing four people and wounding 11 others — all civilians. Burkina Faso said that its troops counterattacked, killing 10 Malian soldiers and destroying six Malian tanks.

The respective claims were made in broadcasts by the state radio stations controlled by the two countries, and there was no way to confirm the reports independently.

The dispute dates back at least 25 years and involves about 160 kilometers (100 miles) of land in the Agacher region. The land is supposed to be rich in minerals and natural gas.

Mali and Burkina Faso agreed to take the dispute to the International Court of Justice in 1983. By last September, more than 1,000 kilometers of their frontier had been demarcated to the apparent satisfaction of both parties and their joint border commission.

Attacks on Whites Harden Attitudes in South Africa

By Alan Cowell
New York Times Service

JOHANNESBURG — Last week, South Africa's government-run radio had two events involving deaths to report: the killing of six whites in a land-mine explosion near the border with Zimbabwe and the deaths of several blacks in a bus accident.

Referring to the whites, the radio seemed to suspend the nation's normal racial classifications, and referred to them simply as "people."

By contrast, it drew a distinction in describing the bus accident, saying that those who had died were blacks, as if that somehow softened the tragedy.

After decades of rule by racial distinction, the varying descriptions come as no surprise here. But, after a fatal bomb attack Monday in the white seaside resort of Amanzimtoti, just south of Durban, the racial demarcation — a demarcation, in South Africa as elsewhere, not simply of color but of prejudice and attitude — seems to have assumed harsher implications.

More than 1,000 people have now died in political violence since September 1984. It has been the worst bloodshed since the wars a

century ago and early this century that pitted Britons and Afrikaners and black Africans against one another for the prize of a continent's wealthiest nation.

Most of those who died have been blacks. Some have been as

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young as the three toddlers who were among the five dead in the explosion near Durban on Monday.

A reporter, over the last year, might retain twin images of this torn land — the truncated mound of sand below the blue gum trees that marked the grave of a two-year-old black in Cape Town, who had choked on tear gas fired by the police just after Christmas, and the smear of red blood on a white plastic chair where a small, white life expired in Amanzimtoti just before Christmas.

A sentimentalist might say the children, had they ever met, might have played with one another were it not for the fact that South Africa has mangled its children's future to a past of separation and hatred.

Yet, for those who support the Afrikaner minority that wields power in this divided land, the imagery is different. Black death, to many whites, is but a consequence

of the enforcement of what is called law and order.

The slaying of the five whites near Durban, touching the raw nerves of those who control the power of the government, by contrast, seems to those same people a hurt and a challenge that must be met with the punishment that history's overlords reserve for their underlings.

The consequences stretch far beyond the shattered glass and blood-stained linoleum of the shopping mall in Amanzimtoti. If there was a mood among the whites who saw the bloodshed in Amanzimtoti, other than shock, it was a desire for vengeance.

In recent days, it has seemed to whites, the nature of the war between apartheid rule and a restive black majority has changed, fundamentally, and probably irrevocably.

"Terrorism is becoming a new reality in South Africa," said Business Day, a newspaper that frequently criticizes the government, referring to the land-mine explosion and the Amanzimtoti bombing.

"The response, predictably, is a crackdown by the authorities," it said.

The bomb explosion Monday seems to have been as much a watershed for the Afrikaner National

Congress, outlawed for a quarter of a century, as it was for whites.

The organization has not taken responsibility for the explosion, but the government and many whites have blamed it.

Over the last year, the Congress has built up a remarkable respectability among South African whites: leading businessmen and newspaper editors have made the pilgrimage to Zambia to meet with its leaders; churchmen and Afrikaner students, too, have sought to follow the same route, and its own sense of unprecedented influence over South Africa's future has burgeoned in direct proportion to the continued protest of the nation's segregated black townships.

Increasingly, the Congress has been cast as the principal combatant in the war against the white authorities, and the bomb blast Monday hardened the lines. Many South African commentators believe, however, that the result will not be a weakening of Afrikaner resolve, but a strengthening of it that will prolong the nation's crisis.

Conciliatory gestures by the whites are virtually ruled out by the recent killings of whites — far fewer in number than black deaths, but far greater, in their impact, on those Afrikaners who have wielded power in South Africa since 1948.

Angola's Religion: Christianity Gaining on Marx

By James Brooke
New York Times Service

LUANDA, Angola — On Karl Marx Street, a rich chorus of African voices boomed passersby a litany refrain: "God gives you love, God gives you peace, shalom, shalom."

Audible through the open windows of Our Lady of Carmo Church, a youth group was holding its weekly Sunday session of prayer, discussion and singing. Composed of 30 adults ranging in age from 18 to 25, the group represented a generation of Angolans who grew up under Marxism and are now fueling a religious revival.

"Maybe the forbidden fruit is the most desirable," a man said in explaining the revival. "Our Sunday school has increased from 150 children in 1976 to 900 today."

Christmas here has been officially renamed "Family Day." Carnival, traditionally held before Lent, is now celebrated as "Carnival of Victory" with celebrants dancing under posters of Marx, Engels and Lenin.

But despite a decade of these and other moves against religion, Pro-

testant and Roman Catholic leaders say churches throughout Angola are packed on Sunday mornings. The few seminaries still open have to turn away as many as four out of five candidates for the lack of space, they say.

The churches are growing by 8 percent to 10 percent a year, said Emilio de Carvalho, the presiding bishop of the United Methodist Church of Angola. He said that his church, one of the largest Protestant denominations here, had grown to 90,000 today from 42,000 in 1974, on the eve of independence.

This religious renaissance is taking place in a society that is one of Africa's most orthodox Marxist regimes.

According to a report issued this week by the Central Committee of the ruling Popular Movement for the Liberation of Angola, "the Party should put more attention to the propagation of atheist conceptions as expressed by Marxist-Leninist theory."

Although the constitution guarantees freedom of religion, the official policy over the last decade has ranged from tolerance to repression.

Shortly after independence, the Roman Catholic Church, which many Angolan nationalists saw as an ally of Portuguese colonialism, was harshly attacked. In late 1977, Angolan bishops protested in a pastoral letter written in frank language rarely heard here.

"Freedom of expression has almost disappeared," the bishops wrote. "The Marxist system is presenting itself as a new religion."

The regime reacted by nationalizing all church schools, hospitals, nurseries, most seminaries and most of the warehouses and property of the Roman Catholic relief agency Caritas.

Today, a former Dominican convent is used as the National Party School. The broadcast studios of Radio Ecclesia, the former Catholic radio station, are now a school for radio technicians.

A former religious retreat outside Luanda has been used as a barracks for Cuban soldiers. A Catholic-owned printing press is now used by the government's Department of Information and Propaganda.

The state campaign against reli-

gion largely spared Protestant churches, many of which had been partly clandestine in the last decade of Portuguese rule.

In addition, by 1982, the authorities apparently realized that the campaign against religion had alienated many Angolans and may have driven some into the arms of Jonas Savimbi's anti-government rebel force, the National Union for the Total Independence of Angola, or UNITA.

In late 1982, the architect of the campaign, Ambrosio Lukoki, the party secretary of ideological affairs, was dismissed. Since then, an uneasy truce has prevailed between church and state.

In the countryside, religious life often has fallen victim to the civil war. Catholic leaders complain that the guerrillas have kidnapped 60 of their foreign missionaries, forcing many missions to close.

But in the cities, church life is robust. "The most important thing is that the church can live without buildings," said a Catholic missionary who has worked here for 40 years. "We are a poor church, but we are stronger than ever before."

WORLD BRIEFS

Mount Etna Erupts; 1 Killed, 14 Hurt

CATANIA, Sicily (Reuters) — Mount Etna erupted Wednesday, spewing streams of molten lava from its side. Accompanying tremors flattened a hotel where five families were spending Christmas, killing a man and injuring 14 persons, rescue workers said.

Officials said the eruption of the volcano was coupled with three earthquakes. They said that no houses or villages were in immediate danger and that no other buildings were damaged by the quakes.

Geologists said that the largest earthquake's epicenter was directly under the hotel on the slopes of Mount Etna. The eruption sent three streams of lava oozing down the side of the mountain. Two smaller quakes followed, but geological experts said that no more big tremors were expected.

50 Vietnam Refugees Reported Slain

UNITED NATIONS, New York (NYT) — Fifty Vietnamese refugees were slain and 10 women were raped last week when their boat was intercepted by pirates in the South China Sea, a spokesman for the UN High Commissioner of Refugees reported.

The victims were among a group of 80 refugees who fled Vietnam for Malaysia on Dec. 12, the spokesman, Leon Davies, said Tuesday. Twenty-nine survivors, mostly women and children, sailed into Malaysia and requested asylum there Thursday, he said. Another survivor was rescued by Malaysian fishermen.

Reports from the high commissioner's office said the pirates were Thai fishermen. The location of the attack was unknown. Pirates have killed nearly 1,450 refugees and raped more than 2,300 women in the South China Sea since 1980, authorities have said. The most recent incident is the third large-scale slaying to have taken place there in two years.

Zaire Frees Foreign Soldiers on Plane

KINSHASA, Zaire (Reuters) — Zaire has freed 44 foreign soldiers who were on a plane that made an emergency landing on its territory. Kinshasa radio reported Tuesday night.

The 40 Cubans, three Angolans and a Cameroonian were banded over to the Angolan deputy foreign minister, Venancio de Moura, after he met President Mobutu Sese Seko on Monday, the radio said. Mr. De Moura left with them later for Angola, it said.

The Soviet-built Antonov military transport plane was flying from the town of Luena in Angola to the Angolan enclave of Cabinda when it landed in Zaire 180 miles (about 300 kilometers) southeast of Kinshasa on Dec. 1. The soldiers set it on fire and destroyed documents. The Cuban deputy foreign minister, Jorge Bolanos Suarez, told Mr. Mobutu in Paris last week the aircraft had run out of fuel and lost its way.

FBI Tapes Allowed for Donovan Trial

NEW YORK (NYT) — A New York state judge has approved the use of secretly recorded tapes in the larceny and fraud trial of Raymond J. Donovan, a former U.S. labor secretary, and nine other men, and said that he would set a date Jan. 6 for the start of the trial.

Justice John P. Collins, of State Supreme Court, ruled Monday that the tapes had been legally obtained in 1979 by the Federal Bureau of Investigation in an organized-crime investigation and could be used as evidence in the state trial of charges that the defendants participated in a scheme to defraud the New York City Transit Authority of \$7.4 million on a Manhattan subway construction project.

However, the judge rebuked the FBI's New York office for "disorder," "lack of leadership" and "chaos" in conducting a largely unproductive inquiry into a reputed Mafia ring that was believed to have its headquarters in a South Bronx meatpacking plant.



Raymond J. Donovan

China Assails Kremlin on Afghanistan

BEIJING (AP) — China denounced the Soviet presence in Afghanistan on Wednesday, saying that it undermined regional stability and threatened China.

The criticism was delivered by a Foreign Ministry spokesman, Ma Yuzhen, at a news briefing. It came two days after Li Peng, a deputy prime minister, met in Moscow with Mikhail S. Gorbachev, the Soviet leader. That was the highest-level meeting between the two countries since 1969.

Mr. Ma expressed China's support for the guerrillas fighting the Soviet-backed government in Afghanistan and repeated Beijing's demand that Moscow withdraw its troops, estimated to number 115,000.

Curfew Is Imposed in Town in Punjab

CHANDIGARH, India (Reuters) — An indefinite curfew has been imposed on the Punjab town of Gurdaspur after at least one person died and eight were injured when police opened fire to break up Hindu-Sikh riots, a senior official said.

The official in the state capital of Chandigarh said the shooting was ordered late Tuesday after police using riot sticks and tear gas were unable to disperse groups of Hindus and Sikhs battling with iron rods, bricks and stones.

He said the clashes erupted when supporters of the rightist Hindu Shiv Sena group attacked some Sikhs over several temporary wooden shops erected by the Sikhs in the town about 12.5 miles (20 kilometers) from India's border with Pakistan.

For the Record

President Augusto Pinochet of Chile met with the archbishop of Santiago, Cardinal Juan Francisco Fresno, for the first time in two and a half years Tuesday. But the cardinal refused to say a private Mass for the president in the government palace.

The Algerian National Liberation Front party, which has ruled the nation since independence in 1962, opened an extraordinary congress Tuesday to approve changes in a national charter adopted in 1976 under the late President Houari Boumedienne.

The death toll rose to 10 from a train crash Sunday in northern Italy as rescue workers recovered four more bodies, the police said.

China announced the appointment of a new governor of Xinjiang, the strategic northwestern region that runs along the Soviet border. Tomur Dawamat took over from Ismail Amat.

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AMERICAN TOPICS

Nancy Reagan Says
No to Third Term

Nancy Reagan says she agrees with her husband that a constitutional ban on a president's being elected to more than two terms is "bedeviled" and should be repealed, but that a third term "is not for

The First Lady, in an interview with Helen Thomas of United Press International, said she and President Ronald Reagan leave the White House they will look for a home in the Los Angeles area. But she said: "I don't want a great big house with huge grounds."

"We get along fine," she said. Donald T. Regan, the White House chief of staff, "I'm sure isn't trying to take over the White House. I like somebody who is straightforward and has good sense of humor, which I do."

Mrs. Reagan said Raisa M. Gorbachev, the wife of the Soviet leader, Mikhail S. Gorbachev, is "very strong, very committed to her philosophy." The two women met in Geneva last month.

Mrs. Gorbachev, she said, "is a nice little sense of humor." Mrs. Reagan added, "I think that she obviously is not going to change Ronnie's ideas on Ronnie is not going to change his ideas. But that's all right."

Short Takes

The U.S. Supreme Court has a stand two lower court rulings that the late Nelson A. Rockefeller was not entitled to deduct his taxable income from his estate. The court ruled that the \$100,000 he spent on lawyers' fees in his quest of Senate confirmation as vice president in 1974. A lower court ruled that these expenses were not incurred in pursuing the duties of an office, "but in seeking to obtain that office."

Tom Wicker, a columnist for the New York Times, has been named by Random House to write a biography of Richard Nixon that will focus on the president's foreign policy achievements. Mr. Wicker says that Mr. Nixon's first administration saw the opening of relations with China, the first strategic Arms Limitation talks and the start of détente.



OIL SPILL — A worker, Martin Dirks, helped to clean up oil that washed ashore at the harbor in Port Angeles, Washington. Thousands of barrels of crude oil have been spilled since an oil tanker ran aground Saturday.

Van Gordon Sauter, 50, who was president of CBS News in 1982-83, has returned to his second tour in the same job, which he likens to that of a lion tamer who, armed solely with a chair, whip and gun with blank ammunition, must keep the animals under their perches. "You'd better keep those cats on the stools because if they ever chase you out of that cage, they'll never let you back."

The Christmas card sent by the Citizens Committee for the Right to Keep and Bear Arms to President Ronald Reagan, members of the cabinet and Congress among others, shows the infant Jesus in a cradle with Santa Claus kneeling over him. Santa is holding a rifle, has a pistol strapped to his belt, and another rifle is peeking out of his bag of gifts. Representative G. William Whitehurst, Republican of Virginia, said the card "hardly captures the sense of

peace on earth, good will to-ward men."

Just when you had been planning to leave the company Christmas party early and beat the rush home, the Office Bearer gets you cornered. The problem vanishes with Timely Beeper, a fake beeper that looks and sounds like the real thing but sells for only \$29.95. A discreet flick of the wrist and 20 seconds later, your beeper is squeaking urgently and you are headed for freedom. "Got to run," you say. "Let's do lunch sometime."

For \$9.95 at a shopping mall in the Washington suburb of Woodside, Virginia, parents can get a three-minute videotape of their children talking to Santa Claus. The feature is so popular that during peak shopping hours four Video Santas have been on duty.

—Compiled by
ARTHUR HIGBEE

Reagan Proposes Talks on Arms Verification Issue

By Michael R. Gordon
New York Times Service
WASHINGTON — President Ronald Reagan has written to Mikhail S. Gorbachev, the Soviet leader, proposing that experts meet to discuss improving the verification of agreements on underground nuclear tests, according to a senior administration official.

Officials said Tuesday that Mr. Reagan's letter reiterated the long-standing position that improved verification would allow the United States to ratify two treaties signed in the 1970s that would limit the size of underground tests.

Mr. Reagan also affirmed the

United States' refusal to join the Soviet Union in its halt on underground testing, officials said. Moscow has said that its moratorium will lapse at the end of the year unless the United States joins in.

In a report to Congress made public on Monday, Mr. Reagan said the Soviet Union might have exceeded agreed limits in underground testing, though he said there were "verification uncertainties." Some experts do not agree with this allegation.

A group of scientists chosen by the Pentagon recommended in a secret report in October that the United States alter its procedures

for evaluating the yield of Soviet nuclear tests and lower its estimates of the size of Soviet underground explosions.

Government officials said the recommendations were under review and had not influenced the findings in a recent report on purported Soviet violations of arms control treaties.

Mr. Reagan's letter was said to have been sent in response to a Dec. 5 letter from Mr. Gorbachev, who once again urged the United States to join in the Soviet test moratorium.

Mr. Gorbachev proposed that

territory to make sure that the United States and the Soviet Union abided by the moratorium. He also proposed resuming talks with the United States and Britain on a comprehensive ban on nuclear tests. The talks were carried on during the Carter administration.

Larry Speakes, the White House spokesman, said that the United States finds the Soviet offer of a joint moratorium unacceptable. But officials said they welcomed the emphasis in Mr. Gorbachev's letter on verification concerns.

An official said that Mr. Reagan's letter had largely restated earlier positions, but that the proposal

for a meeting of experts on measuring the yield of underground explosions was a new element.

Under Mr. Reagan, the United States has taken the position that the Soviet Union must agree to additional verification measures before two signed treaties can be ratified.

One is a 1974 treaty on the limitation of underground weapon tests, also known as the threshold test ban treaty, which limits the yield of explosions to 150 tons (136 metric tons), equivalent to 150,000 tons of TNT; the other is a 1976 treaty that extended the limit to nuclear explosions for excavation and other peaceful purposes.

Underground nuclear tests are the only ones allowed since the 1963 limited test ban treaty banned weapons tests in the atmosphere, in outer space and under water.

Shevardnadze Criticizes U.S.

Foreign Minister Eduard A. Shevardnadze of the Soviet Union has accused the White House of failing to react positively to last month's summit meeting in Geneva and said U.S. allies were helping to undermine its results, Reuters reported from Moscow.

Speaking at a reception Tuesday for Foreign Minister Iliu Vaduva of Romania, Mr. Shevardnadze said Moscow had taken a number of positive steps since Geneva to reduce tensions, such as removing some SS-20 missiles in Europe from standby alert.

But Washington had made no positive response, he added.

"It is a fact that Washington has not reacted positively, has not responded to any manifestations of goodwill, to any constructive signal of ours," Mr. Shevardnadze said, according to the Soviet press agency Tass.

He said the willingness of Britain and West Germany to discuss joining in the U.S. Strategic Defense Initiative showed "a deep rift between statements in support of the results of Geneva and actions that are undermining these results."

U.S. Aide Says Ban Won't Kill Satellite Weapons

By Walter Pincus
Washington Post Service

WASHINGTON — Defense Department officials plan to continue development of a \$4-billion U.S. anti-satellite weapon despite a new congressional ban on tests against objects in space as long as the Soviet Union does not conduct such tests, a Pentagon official said.

One possibility under study is to fire a test weapon against "a point in space" rather than at two \$20-million targets that were put into orbit Dec. 12, the official said.

He said the air force "won't do anything in direct violation" of the congressional language that was attached to an omnibus spending bill and signed into law by President Ronald Reagan last week. But, he

added, "We will find a way to go ahead."

The anti-satellite, or ASAT, weapon is launched from an F-15 fighter and guides itself into the path of a target satellite, destroying it on impact.

The development program was initiated in 1977 by President Jimmy Carter as a bargaining chip in negotiations with the Russians to bar such weapons. When those talks failed, the Reagan administration pushed development because the Russians had a rudimentary anti-satellite weapon.

In 1983, the Soviet Union announced a moratorium on testing its ASAT system and called on the United States to follow suit. Mr.

Reagan refused, arguing that the United States had to develop its own system.

U.S. critics of that decision said the more advanced American weapon could trigger an anti-satellite arms race.

Congressional opponents of the anti-satellite system hailed approval of the House-Senate language banning tests against targets in space as a major step in arms control.

Representative George E. Brown Jr., Democrat of California, said that without the ban the air force would have conducted two tests next year against targets.

"With two more successful tests," Mr. Brown said, "the air force could have declared the system operational and begun the process of full deployment."

Congress also removed \$98 million last week that the administration had sought to begin procurement of the ASAT in fiscal 1986.

Mr. Brown said recently that he planned to seek an end to the system next year.

"If they want to go after satellites," he said, "they should go for a modern laser system."

One of Defense Secretary Caspar W. Weinberger's top assistants said Tuesday, "The congressional ban must be undone." He called the anti-satellite program one of the administration's most important efforts that "must be continued."

A Pentagon spokesman said continuing the program "will keep the Soviets' feet to the fire" in arms control talks.

The project has been controversial with the uniformed services, in part because of its ineffectiveness against advanced Soviet satellites, and in part because of its high cost. About \$1.2 billion has been spent on development, Pentagon sources said. That has bought two test weapons, one of which was fired against a point in space in 1984 and the other against an old satellite in September.

U.S. Lays Plans to Drop New Zealand From Pact

By Michael Weisskopf
Washington Post Service

WASHINGTON — The United States is formulating plans to renounce its security obligations to New Zealand because of that nation's plans to ban visits by U.S. ships carrying nuclear weapons, according to administration officials.

But they said the United States will not discard its regional defense treaty, which includes Australia.

The U.S. mutual defense treaty with New Zealand and Australia, known as ANZUS, would remain intact to prevent disruption of U.S. military relations with Australia, which include ties that anchor Western security interests in the South Pacific.

"We'd keep the framework in place without the substance," a Defense Department official said. "New Zealand would remain a member in name only, and military cooperation with Australia would continue as usual."

The 34-year-old treaty has been strained since New Zealand decided in February to bar port entry to a destroyer, the Buchanan, because the United States refused to say whether it carried nuclear weapons.

In protest, the administration canceled ANZUS naval exercises, halted the sharing of intelligence with New Zealand and warned that any move to formalize the nuclear ban would trigger a U.S. reassessment of its treaty obligations to New Zealand.

But Prime Minister David Lange of New Zealand, elected in July 1984 on an anti-nuclear platform, rejected the warning and asked his Parliament two weeks ago to prohibit port calls by foreign warships and landings by foreign aircraft unless the prime minister was satisfied that they were free of nuclear weapons.

Administration officials said the proposed ban on aircraft capable of carrying nuclear weapons was also unacceptable to the United States. The legislation that would prohibit visits by nuclear-powered ships would involve about 40 percent of the U.S. Pacific fleet.

Although the two governments are attempting to negotiate their conflicting concerns, U.S. officials are increasingly pessimistic.

A bipartisan group of senators sent a letter Thursday to Mr. Lange and President Ronald Reagan saying that relations were "in danger of very serious deterioration" and

urging them to work out a compromise.

New Zealand is considered to be of limited strategic importance to the United States. A small number of U.S. ships called at New Zealand ports each year until the current controversy.

A logistics support facility in Christchurch is a refueling point for military planes transporting personnel and equipment for the National Science Foundation's research in the Antarctic.

Access to New Zealand ports and landing fields is considered important chiefly for ANZUS military exercises, repairs and rest and recreation for crews.

Australia receives dozens of American ship visits annually. It has six joint military facilities, including important intelligence-gathering posts and a center for servicing submarine communications equipment.

Reagan Was 'Fully Aware' of Scope of Polygraph Order, Spokesman Says

United Press International

WASHINGTON — A White House spokesman insisted Tuesday President Ronald Reagan was "fully aware" of the scope of an order he signed requiring lie-detector tests for thousands of government workers who see secret documents.

The Washington Post, citing unidentified administration officials, reported that the president had privately said he did not completely understand the ramifications of the order he signed secretly Nov. 11, when he ordered protection of classified information.

The order, known as National Security Directive 196, was cited in news reports Dec. 11, stating that State George P. Shultz stated to resign if ordered to sit to a lie-detector, or polygraph test.

Reagan revised the order to give individual departments wide discretion in using the tests, administration sources said Monday.

Fred F. Fielding, White House counsel and one of the president's top advisers on legal issues, was among those not informed of the lie-detector, or polygraph, provisions in National Security Directive 196 at the time Mr. Reagan signed the secret order, the sources said.

Disclosure of the order in news reports surprised many other senior White House aides.

"The question is, who did know?" an aide said.

Treasury Secretary James A. Baker 3d, a National Security Council member who objected to polygraph tests when he was White House chief of staff, was described by sources as busy with the tax-overhaul bill and not present at one of the key meetings leading to the order.

The still-secret order was devoted largely to other measures to combat espionage against the United States. Mr. Reagan apparently focused on those, rather than the section that would have significantly broadened use of polygraphs for government workers and contractor personnel.

Expanded use of polygraphs was advocated by the Central Intelligence Agency director, William J. Casey, and Defense Secretary Caspar W. Weinberger.

Mr. Reagan approved it after be-

ing told that the United States faced an intensifying espionage threat and must take more aggressive action against it.

Polygraphs have been used commonly in specific espionage investigations, and by the CIA and the National Security Agency.

Mr. Reagan's order would have authorized their use on a much broader basis, applying them to "all individuals" with access to three categories of highly classified information.

Mr. Reagan scaled back the order Friday after Secretary of State George P. Shultz threatened to resign if asked to take a polygraph.

Sources quoted Mr. Fielding as saying that while using polygraphs might be legitimate in specific espionage investigations, it was wrong to use them for such broad screening as was suggested in Mr. Reagan's order.

Other officials also said privately that they believed that the order had not been adequately checked by the White House staff for legal and political implications. There has been controversy in the courts and in Congress about effectiveness and use of polygraphs.

While advocates say they are a useful tool in investigations, critics contend that polygraphs are inaccurate and can be evaded.

Mr. Reagan approved it after be-

S. House Reviewing Procedures on Security

By Ruth Marcus
Washington Post Service

WASHINGTON — The House representatives have started a review of its security procedures after a man in Washington allegedly tried to pass copies of House documents to the Soviet Union.

The House general counsel, Stephen J. Pollack, said Monday that House members were considering having hearings transcribed by stenographers on the House staff, rather than turning to outside firms. If outside firms are used, checks of security procedures in use at the firms would be made.

The House is conducting a review of security procedures and whether or not we can continue to rely on the security clearances that are given by the Department of Defense.

Mr. Pollack said, "The committee is the arrested man, Randy Jeffries, worked as an messenger in a statement Monday that he had undergone a routine security check of his procedures less than three

weeks ago "and no problems or deficiencies were found involving document safekeeping."

According to an FBI affidavit filed in U.S. court Monday, Mr. Jeffries took classified documents from the company and told a co-worker he "needed to find a Russian to sell the documents to."

In the affidavit, the FBI said agents searching Acme on Saturday, the day after the arrest of Mr. Jeffries, discovered numerous classified documents, marked Secret and Top Secret, ripped in four pieces and placed in a plastic trash can.

According to Defense Department regulations, classified material is supposed to be destroyed by shredding or burning.

Two employees are supposed to witness the destruction of Top Secret material, and "the destruction process must be sufficient to preclude recognition or reconstruction of the classified information."

The Acme board chairman, Charles L. Richer, said that "what has been published is nowhere near the truth. We don't rip them up and dispose of them in public."

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Winnie Mandela's 'Crime'

To appreciate the bullying nature of the South African government and its mindless resort to coercion, you have first to understand the "crime" committed by Winnie Mandela: She went home. That's it. Mrs. Mandela, wife of the long-imprisoned leader of the African National Congress, Nelson Mandela, and a strong leader in her own right, spent years under an oppressive banning order, combining internal exile and severe restrictions on her daily activity, which she defied in a variety of small ways. Recently, the South African government, in what it seemed to regard as an act of great generosity, eased the terms of the order that had required her to live in remote Brandfontein in the Orange Free State, but enjoined her from living in her home in the Black township of Soweto near Johannesburg. Twice she went there and twice she was routed by police, who came into her house, pushed her around and dragged her from the premises.

We stress the simple and profoundly convenient character of this so-called "crime," not just to point out the disproportion between what Mrs. Mandela did and the reaction of the security forces, although that will surely strike people here as yet further evidence of the brutishness of the South African government. We stress it also because it so clearly reveals how untenable and self-destructive is the course that government has chosen.

To an American visitor or even an American onlooker from abroad, it often seems incomprehensible that there has been so relatively little peaceful protest or resistance by blacks and their white sympathizers in South Africa. Why do so many people simply walk through the prescribed doors and submit to the painful,

rigorous separations, indignities and inhibitions of apartheid? Where are the sit-ins and other familiar forms of civil disobedience? The answer has been that the white government's reaction to such gestures when they were undertaken — opening fire on peaceful resisters — long since discouraged such action. The only recourse, it would then be argued, was the violent clandestine attack, the growing guerrilla enterprise, responding gunfire.

We have surely seen more of the latter activities in recent months. Yet nothing has had the power, emotional and moral, in our view, of the expulsion of Mrs. Mandela from her own home and her determination not to submit to the tyranny of the government. Her resistance shows, first, just how electrifying such an organized peaceful resistance could be. And it shows, second, how pitiful and doomed and evil is the apartheid fantasy the government seeks to impose and maintain: Grown men running around threatening physical punishment for those who merely go to the wrong (i.e., forbidden) place at the wrong time or, under the terms of various banning orders, say the wrong thing to the wrong number or kind of people on the wrong occasion. What fear they must live in! How preposterous the "security" they have fashioned for themselves! It depends on a whole nation's accepting their elaborate protocols of who may be where when and what may be said when they get there.

Winnie Mandela's defiance is her dignity. The guys with guns secured the house. But there was an empty victory. By its act the South African government revealed not its strength, but its fear and weakness.

— THE WASHINGTON POST.

For Sanity's Sake, Tax Oil

America, running a \$200 billion deficit for the fourth consecutive year, desperately needs to reorder its finances. Congress knows that and so does the president. They've just committed themselves by law to the deficit \$55 billion next year and eliminate it entirely by 1991. Now the opportunity to take a long stride toward that goal is enhanced by the collapse of the Organization of Petroleum Exporting Countries, the oil cartel. The way to do it is to tax imported oil.

Doing so in this time of declining prices would raise huge sums for the Treasury without triggering inflation or causing hardship. Hardly anyone would feel the pinch. Gasoline and heating oil prices would reflect an average cost of about \$28 a barrel of crude.

If the collapse of OPEC cuts the price to \$20, as is now anticipated, an \$8 fee on each imported barrel would have the effect of paying the United States what it has been paying to foreign oil producers. The treasury would be enriched by \$30 billion — \$15 billion directly from the import tax and another \$15 billion in income and windfall taxes on domestic oil.

An import fee offers additional benefits. Most taxes, even if necessary for revenue, are wasteful because they drive a wedge between real costs and prices, discouraging effort and reducing demand. But an oil import fee would actually improve efficiency, forcing consumers to absorb the hidden costs of dependence on unstable foreign supplies.

Those hidden costs can be enormous. The first oil shock in 1973-74 sent the world into a recession that reduced output by a trillion dollars. Another shock might be easier to absorb but it would still be costly. At the least, oil consumers should pay the true cost of the

product, which includes the billions spent on military preparations to defend foreign oil fields and shipping lanes.

A further benefit is that consumers alone would not pay the entire \$8 import fee; a portion would be paid by foreign oil producers. The higher the price, the lower the demand, and the lower the price for crude. Some of the income of foreign oil exporters would thus be transferred to importers; Senator Gary Hart, a Democrat of Colorado, estimates that about one-third of an import fee would, in effect, be rebated to consumers.

Irresponsibly, Americans have refused through all the wrenching years of high oil prices to use an oil tax to retain some revenue for themselves. Politicians fear the public would revile any plan to tax oil at home rather than enrich Arabs abroad. But in a time of falling prices, there's every reason to believe that oil-producing states like Texas would support an import fee. The fee, after all, would increase demand for domestic oil, which in turn would create jobs and revenues.

Yes, President Reagan has proposed any new taxes that he would veto even this sensible one. But, as will soon be clear, federal spending cuts alone will not suffice to reduce the deficit on the schedule required by law. Even Mr. Reagan may prefer some taxes to gutting his military buildup. And he would not be wrong in contending that an oil import fee is less a tax than a charge on the use of a public resource.

The president favors user charges in other fields. Why, then, reject charges on oil imports that create military obligations and threaten the security of the United States?

— THE NEW YORK TIMES.

Other Opinion

The Ban on Satellite Killers

President Reagan said after his Geneva meeting with Mikhail S. Gorbachev, the Soviet leader, that the summit should be judged not by today's words but by tomorrow's deeds. The vote by Congress to further testing of satellite-killing weapons until and unless the Soviet Union resumes tests of its own was a deed that takes Mr. Reagan at his word.

Satellite killers are the ideal pieces of hardware for experimenting with a concept of arms control by mutual restraint. It is an idea that attracts many defense analysts.

The weapons, known as ASATs, are ideal, first, because nobody needs them. If being able to shoot out an enemy's satellite had any value in a crisis, it would be very slight, far outweighed by the dangers of panicking one side into firing in all directions if some satellites were destroyed by accident.

Stopping tests while the only such weapons in existence are an American system only slightly less crude than a similar Soviet system

makes sense. The real danger with ASATs is not what they can do now to low-flying satellites but what they might do to far more important communication satellites.

Banning ASAT testing also will help keep research on "star wars" honest. Some "star wars" tests eventually will violate the 1972 ABM treaty that prohibits widespread ballistic missile defenses. But some of those tests will look much like ASAT tests, and because satellite killers are not covered by the treaty, the "star wars" tests could be explained away as permissible. If neither power is testing ASAT systems, neither can disguise space defense tests as satellite killer tests.

If the only way to continue space tests would be an open break with the ABM treaty, then the logic of negotiating might finally dawn on the White House. The choice would be between continuing a "star wars" program that may never work and breaking a functioning ABM treaty that gives Americans more protection than the Russians.

— Los Angeles Times.

FROM OUR DEC. 26 PAGES, 75 AND 50 YEARS AGO

1910: Merry Minstrels Wake Taft

NEW YORK — President Taft was rudely awakened from sleep last night (Dec. 24) by old-time minstrels, who sang a long selection of Christmas carols, terminating with "Hail, Smiling Morn!" immediately beneath his bedroom window at the White House. The President finally arose, donned a gorgeous blue bath-robe, opened the window and exclaimed: "Thanks very much. God bless you, merry gentlemen!" Not until then did the minstrels depart. Meanwhile, Mme. Luisa Tetrazzini fulfilled her promise to sing in a San Francisco street on Christmas Eve. One hundred thousand persons, largely poor Italians, assembled to hear and applaud the diva, who sang from the Lotus Fountain, in the Italian quarter. It was a perfectly warm and beautiful evening.

1935: Christmas in a Country at War

ROME — Christmas wasn't merry in Rome this year. The sad gravity which weighs over this country at war was more visible than any time before. The streets were not animated and there was no hearty celebrating until the early hours of dawn. Restaurants and clubs have to close early now to save light. It was visible that the Italian population could not forget the dark clouds hanging over the country. Some 250,000 Italian boys are spending Christmas thousands of miles away in the tropical climate of the Ogaden desert or in the barren hills of the Tigris. It had been hoped that peace negotiations could bring some happy results for Christmas. Now that all hopes have been shattered, everyone understands that the war in Ethiopia will be difficult and long.

Setting the Rules for Military Intervention

By Jonathan Power

"The Law of Nations." He wrote: "If a prince, by violating the fundamental laws, gives his subjects a lawful cause for a national revolt against him, any foreign power may rightfully give assistance to an oppressed people who ask for its aid."

Today the general consensus on international law is far from the philosophy of Vattel. Fighting for freedom and democracy are not in themselves considered to be sufficient

country may answer the request of a beleaguered government that is fighting an insurgency. For example, it is within the right of the Salvadoran government to request American help to fight the guerrilla rebellion. Extrapolated from this is an argument sometimes deployed that the United States is justified in aiding the "contras" because this is a way of undermining the Nicaraguan support for the insurgency in El Salvador.

outside help from the United States. But this will require looking into under a microscope. Moreover, Nicaragua will say Cuban and Soviet military support received both before and since the contra activity is more in the nature of general aid than direct counterinsurgency support.

This may well be the court's debating point, not Vattel's standards of oppression and justice, nor modern concepts of the relative worth of democracy and dictatorship.

This literal rendering of international law bothers some democratically minded scholars and lawyers. One international lawyer, Lloyd Cutler, legal counsel to Jimmy Carter, the former president, argues that outside intervention should be allowed if the insurgency is manifestly pro-democratic fighting a totalitarian regime and the repressive government itself is receiving aid from outside, even if it is only general support not engaged directly against the rebels.

Yet even if this were accepted U.S. support for the contras could hardly be justified unless the democratic credentials of the contras are, to say the least, confused. The justices of the World Court, drawn from the wide ideological membership of the United Nations, will not give this argument the time of day.

Mankind can only live tolerably if there is law. This we usually accept at home, in our own countries. It is the duty of political leaders to tell us that this is the only way to build a civilized planet. Ignoring the World Court and 200 years of evolving international law is the way of small town politicians, not national statesmen.

International Herald Tribune.
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Ignoring the World Court and some 200 years of evolving international law is the way of small town politicians, not national statesmen.

consus bellum. Each nation has the right to its own independent integrity unless it itself breaks the rules by attacking another. Conversely, as the UN Charter makes explicit, the only just cause for going to war is self-defense. Yet although this is written into the UN Charter and into the charter of the Organization of American States it has never been tested in a court of law before.

So now that it is being put to the judicial test are there any mitigating arguments that the World Court could take into consideration?

It is widely recognized that when a civil war or insurgency has produced such a degree of chaos that law and order have broken down, outsiders have the right to enter and rescue their nationals. But this does not apply to the Nicaraguan case.

Less recognized, but nevertheless widely supported, is the view that a

However, this would stand up better if the forces the United States is supporting against the Nicaraguan government were primarily those of El Salvador's government.

The rulers of El Salvador have never shown any interest in turning their guns on Nicaragua. This is not simply cowardice or even expediency. The fact is that the United States has never been able to prove convincingly that the Nicaraguan help to the Salvadoran rebels has been anything more than a trickle.

A third argument, following from the above, is that once a country aids another to help to defeat the rebels then the insurgents also have the right to ask for outside help. Would this let the Reagan administration off the World Court hook? After all, perhaps the Nicaraguans did seek Soviet and Cuban support to put down the resistance before the contras received

Life at the Top: Trust Must Outweigh Fear of Spies

By Philip Geyelin

WASHINGTON — In the privacy of his taped-recorded office, Richard Nixon called George Shultz a "candy ass" when, as secretary of the treasury, Mr. Shultz refused to give Mr. Nixon's men access to the tax returns of the former president's "enemies." Considering the source and the circumstances, that's the next best thing to a Medal of Freedom.

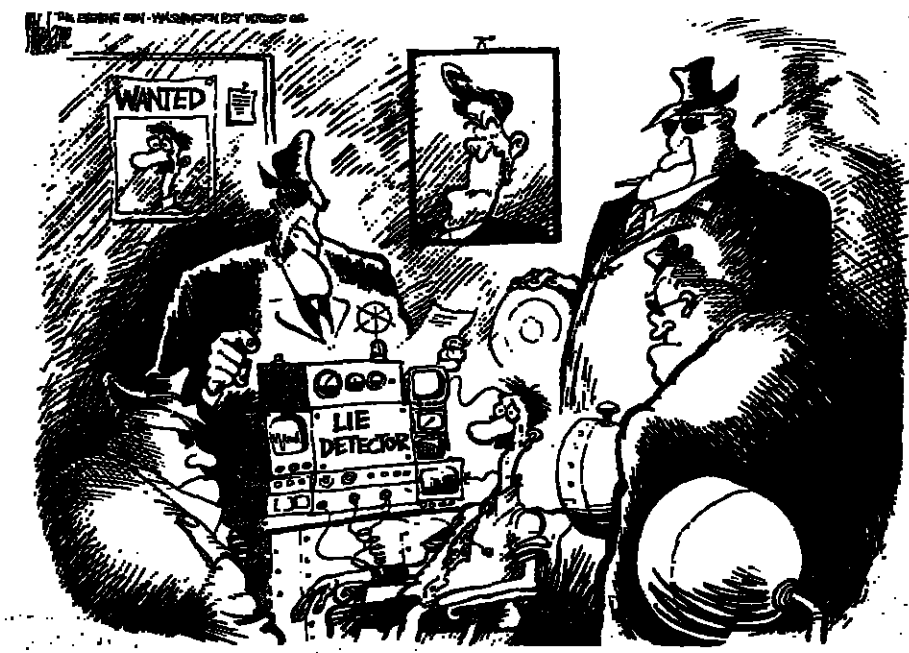
Now, Mr. Shultz as secretary of state has once again taken a stand on principle and his president's men are once again doing him the same sort of backhanded honor. They are busy whacking Mr. Shultz with anonymous slurs on his loyalty and fitness for office. Mr. Shultz refused to submit to Mr. Reagan's efforts to unmask spies by administering polygraph (lie detector) tests to the people he has entrusted with the highest offices in his command.

Do not be put off the point of principle by the president's second thoughts and lame retreat: his scaling back of the original directive, his slap-happy suggestion that he would exclude himself as well as Mr. Shultz, if the secretary is all that squeamish. The original impulse is what's interesting. An administration's character is better judged by its initial inclinations in the dark of night than by its knuckling under to public pressure in the light of day.

The point of principle has to do with old-fashioned values like honor, dignity and integrity. And the implications run far beyond the potential of ruining reputations and careers by putting them at the risk of a notoriously unreliable piece of machinery. The implications go to the mind-set of the president and of those who pressed the polygraph upon him as an instrument of government.

What the president would have if he could is a sweeping expansion of a practice, earlier administration routinely employed for strictly limited purposes, to control the security of a narrow range of sensitive intelligence operations. Those who have enlisted in that business surrendered more than a few of the rights of expression and freedom enjoyed by other government workers.

Even the president's efforts to meet most of Mr. Shultz's objections (polygraph examinations will now be confined to use "in conjunction with other investigations and security procedures in espionage cases") are scarcely reassuring unless you know what is meant by "espionage." The espionage laws, dating back to 1917, are loose enough to have allowed the Nixon administration to use them to win an indictment against Daniel Ellsberg for purloining and distributing the Pentagon Papers in 1971.



The Reagan administration apparently reads them the same way, having successfully prosecuted Samuel Morison, a Naval Intelligence analyst, for espionage in a case involving the leak of classified photos of Soviet aircraft carriers to a British publication in 1984.

We are talking, then, about plugging leaks, not necessarily by master spies, and not necessarily to enemy agents. The Reagan administration, that is to say, is in the same "plumbing" business as was the Nixon administration, if not on the same scale or by the same criminal means. But it is acting out of the same overwrought sense of insecurity. Mr. Reagan was apparently egged on by his director of central intelligence, William Casey, and Defense Secretary Caspar Weinberger, who both seem to believe that polygraph tests are so good for their own employees that they should be good for everybody.

The administration has good reason to be alarmed by the recent spate of espionage cases. Clearly they call for a tightening of security. But in almost every instance, conventional techniques and standard practice have been revealed to be astonishingly lax. And in at least one case, involving a Chinese agent who apparently worked from within the CIA for 30 years and was undetected by polygraph testing, the technical

argument for the widespread use of lie detectors has been called into question.

But the case for their use on the scale that the president apparently has in mind collapsed completely under the weight of Mr. Shultz's principled arguments. I would ask you to let your imagination run. Picture some past American policy-making figures — Henry Stimson, George Marshall, Dean Acheson, Dean Rusk, Henry Kissinger or Clark Clifford — strapped into a polygraph, with wires or other devices measuring their pulse, their respiration and the sweatiness of their palms. Is that the image you cherish of those who guide your destinies at the highest level?

We know what we would think if that were the stated policy of the Soviet Union. What would we think of the British government of Margaret Thatcher or that of President François Mitterrand of France, as reliable allies, if they started wiring their cabinet ministers to lie detectors to see if they were behaving treacherously? And what, accordingly, would they be supposed to think of a leader of the free world who did so?

We should be cheered that there is at least one voice in the Reagan administration to remind us who we are and what we stand for.

Washington Post Writers Group.

The Anglo-Irish Accord Will Fail Without U.S. Aid

By Kevin M. Cahill

NEW YORK — The time has come for the United States to contribute to peace and stability in Northern Ireland as it has done so generously and often elsewhere.

The Anglo-Irish accord, signed last month, is a landmark in the history of Ireland, but it is, however, short on specifics, and without America's help it may well remain, to paraphrase W.B. Yeats, words, nothing but words.

The accord does not purport to settle the conflict. It would give Dublin a symbolic, advisory role in the affairs of Northern Ireland, but it guarantees nothing and offers no detailed program to end the island's civil strife. It promises no new funds or grants and confers no real power on either the Irish Republic or the beleaguered Roman Catholic minority in the north. Nor does it include any plans to reconstruct the bombed cities of Derry and Belfast.

It does, however, represent a political device through which peace and security may be achieved. The accord's purposefully vague declarations of cooperation are all that could be agreed upon now, but it recognizes, for the first time, that Dublin has a legitimate right to speak for the Catholic population in the north. This is an important, unprecedented gesture on England's part.

But if these dreams of peace are to become reality, more than fine words and gracious gestures will be necessary. Only steady jobs, decent housing and equal access to higher education — without which there is neither dignity nor personal freedom — will break the barriers of suspicion and paranoia in Northern Ireland. The success of the accord will depend ultimately on concrete changes, paid for with material aid. It is here that America can play an essential role.

It is an unfortunate fact that America's major role in many international

agreements is to cushion the compromises required by sharing U.S. wealth. The Camp David accords, for example, were held together by vast financial aid to both Israel and

Ireland receives almost no aid from the U.S. government in spite of strong U.S.-Irish ties.

Egypt. In the same way, the United States ought to be willing to be the silent partner who makes a solution possible in Ireland.

There are many precedents for American aid in stabilizing troubled areas. The United States has poured hundreds of millions of dollars into Central America so that democracy might survive terrorism and oppression. Why not do the same in Ireland? It has spent hundreds of millions in Cyprus and Turkey to reconstruct towns destroyed by civil war. Why not in Derry? It has spent more hundreds of millions to build a subway system and upgrade transportation in Cairo. Why not in Belfast?

The contrast with Israel is the most striking. America allocates \$3.73 billion a year to Israel, most of it in grants. The usual arguments offered to justify this largesse focus on the strategic significance of Israel and on America's 37-year moral commitment to its survival. But Irish and U.S. ties date back at least three centuries. There are more than 40 million Americans of Irish descent, the heart of American Irish. It is in the best interest of America to allow terrorism to flourish in its nearest European neighbor. Yet Ireland receives virtually no U.S. government aid.

U.S. legislation permits the transfer of \$750 million a year to Israel in tax-exempt charitable contributions and bonds. Other laws permit almost 95 percent of Israel's exports to enter America duty-free. But the American Irish have virtually no way to give tax-free assistance to their homeland. Nor is there any comparable aid to promote Irish exports.

Tax credits and investment guarantees for private American corporations willing to establish facilities in Northern Ireland could be supplemented by the United States. If this has been the policy of America else-

where, why not in Northern Ireland? More than a century ago, Charles Stewart Parnell, one of the heroes of Ireland's struggle for freedom, appealed to the American Congress: "You can now obtain for Ireland, without the shedding of one drop of blood, without drawing the sword, without one threatening message, the solution of this great question." His words need no amending today. The Anglo-Irish accord will not work without America's help.

The writer is president-general of the American-Irish Historical Society. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Peace or Destruction?

The keyword in international politics seems to be peace nowadays. Look at all those peace initiatives. The game is to point the finger at the other as the aggressor. The world today abounds in aggression, small and big scale. That makes it easier for the big aggressor to disseminate his actions. The effort to demand one another as the culprit could escalate into a "declaration of peace." Just think of the efforts made by Messrs. Reagan and Gorbachev although the arms race continues.

In the Bible, a peace initiative is foreseen in the Messianic 1,533. This points out that we have reached a vital point in the history of mankind and goes like this: "For when they shall say, Peace and safety; then sudden destruction will come upon them, as it shall upon a woman with child; and they shall not escape."

HENDRIK C. BLOK,
Schindlegi, Switzerland.

SDI: Time for Democracy

Having read your series of articles on the Strategic Defense Initiative (Dec. 18-20), I am left with one overriding conviction: The people of the United States must decide this issue for themselves. A national referendum should be called to determine whether "star wars" should proceed after a reasonable period of initial research has been completed.

The reason for this seems simple. It seems that none of the elected or appointed parties involved are exempt from their own, narrow interests. This applies to Congress as well as the administration and scientific community. The ultimate cost of SDI is too great to allow for normal representative decision-making. The stakes include the question of further escalation of the arms race and the eventual appropriation of such vast amounts of public resources as to materially and directly affect virtually every U.S. citizen.

With the administration acting as the public relations branch of the SDI program; with Congress needing approval; with state scientists and independent academics locked in a battle of personal and professional prestige and with defense industries poised as the prime beneficiaries, Americans have little hope of making an informed decision.

I propose that an independent citizens' commission be appointed to represent a broad spectrum of respected public opinion. Such a commission should be given access to all areas of research and would report directly to U.S. citizens throughout the country. Before any final engineering or construction phase of SDI is funded, there should be open debate by all sides. This would be followed by a referendum. It is time to let democracy decide.

JOEL T. MISKIN,
New York.

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SCIENCE

Calcium's Role as Dietary Mainstay — and Source of Dispute

By Jane E. Brody

New York Times Service

CALCIUM, already drawing a great deal of attention for its critical role in preventing the degenerative bone disease osteoporosis, is fast expanding its reputation as an essential part of the diet. At the same time, however, some health experts worry that the value of the nutrient is being overstated and that calcium supplements are being overused.

Long known as the foundation of strong bones and teeth, calcium is emerging in scientific research as possibly protective against high blood pressure and cancer of the colon as well. The typical middle-aged American consumes about one-half to two-thirds the recommended 800-milligram daily allowance for calcium, a level many physicians believe is too low.

In a study in *The Annals of Internal Medicine*, Dr. David A. McCarron and Dr. Cynthia D. Morris of Oregon Health Sciences University in Portland reported that 21 of 48 persons with mild to moderate hypertension achieved a significant reduction in blood pressure when given a 1,000-milligram calcium supplement daily for eight weeks.

Last July, researchers at the University of Wisconsin in Madison reported in *The American Journal of Clinical Nutrition* that women with hypertension who took 1,500 milligrams of calcium a day (in addition to medication) for four years had a significant drop in blood pressure, whereas those without the supplement experienced an overall rise in blood pressure.

Calcium supplements have also been shown to lower blood pressure in pregnant women and to reduce the risk of eclampsia, a serious disorder of late pregnancy. And, according to Dr. McCarron, diet-health studies among a random sample of more than 20,000 Americans indicated that those with hypertension consumed significantly less calcium than those with normal blood pressure.

In most people, however, calcium supplements seem to have no effect on blood pressure. Rather, about a third of those with hypertension are considered likely to be helped by calcium.

As a cancer weapon, calcium supplements were described last month in *The New England Journal of Medicine* as capable of "quieting" the cancer-prone cells in the colons of people who face a high risk of developing colon cancer. When such people were given daily supplements of 1,250 milligrams of calcium (in addition to

grams of calcium (in addition to the approximately 700 milligrams they consumed in their diets) for several months, hyperactive cells in the colon reverted to look more like quiescent normal cells, according to Dr. Martin Lipkin and Harold Newmark of Memorial Sloan-Kettering Cancer Center in New York.

Just how calcium performs such roles, if in fact it does, is still very much a matter of speculation. With regard to colon cancer, one possible explanation is that calcium binds up bile acids and fatty acids that can irritate the colon. Considerable more research is needed before added calcium — either through the diet or supplements — can be generally recommended as a preventive or treatment for high blood pressure or colon cancer.

Indeed, it is still not certain that calcium supplements alone can be relied upon to stem the troubling loss of bone that seriously afflicts 15 million to 20 million older Americans, causing 1.3 million fractures that cost the United States \$3.8 billion in medical care each year.

SOME experts are frankly disturbed by what they describe as the "oversell" of calcium supplements and the alarm generated by misleading advertisements, although they concede that no harm is known to result from taking up to 2,000 milligrams of calcium a day. Dr. Bruce Ettinger, an endocrinologist at the Kaiser Hospital in San Francisco who has been studying the prevention and treatment of osteoporosis for 10 years, believes that "calcium is vastly overstated as its ability to prevent osteoporosis beyond the early years of life."

He cited studies in New York, France and Sweden that showed no difference in bone density among women of various ages who did or did not take in lots of calcium through their diets or supplements. In addition, studies in Denmark and at the Kaiser Hospital and the University of California at San Francisco showed no prevention of bone loss despite generous calcium supplementation in postmenopausal women.

"Up to age 35 or so, high calcium intake may allow the development of a stronger skeleton, which would reduce the risk of osteoporosis when bone loss inevitably occurs later in life, but the findings are equivocal about the benefits of calcium later in life," Dr. Ettinger said.

Others disagree. Dr. Robert Heaney, endocrinologist at Creighton University in Omaha, Nebraska, who has studied calcium requirements for three decades, points to recent studies of hunter-gatherer tribes that show a daily calcium intake of more than 1,500 milligrams (mainly from vegetables), or three times what the typical American woman now consumes. Although dietary fiber can

inhibit calcium absorption, the studies of hunter-gatherers and others have indicated that "when calcium intake is high, people can tolerate a lot of fiber," Dr. Heaney said.

Two long-held notions about the influence of diet on calcium levels — that high intakes of protein and phosphorus lead to a loss of calcium — have been refuted by recent findings. Dr. Heaney said that although in animals a high phosphorus intake depleted calcium in bones, in humans this effect did not occur even if phosphorus intake was very high. And Dr. Herta Spencer, a calcium specialist at the Veterans Administration Hospital in Hines, Illinois, said her studies showed no increased calcium loss associated with a diet high in meat and other protein foods.

Still, Dr. Heaney insists: "No one knows what percentage of osteoporosis is nutrition-related. We must avoid claiming that consuming more calcium would solve all our problems with osteoporosis." Other important influences include physical activity, but here too there is disagreement as to what type.

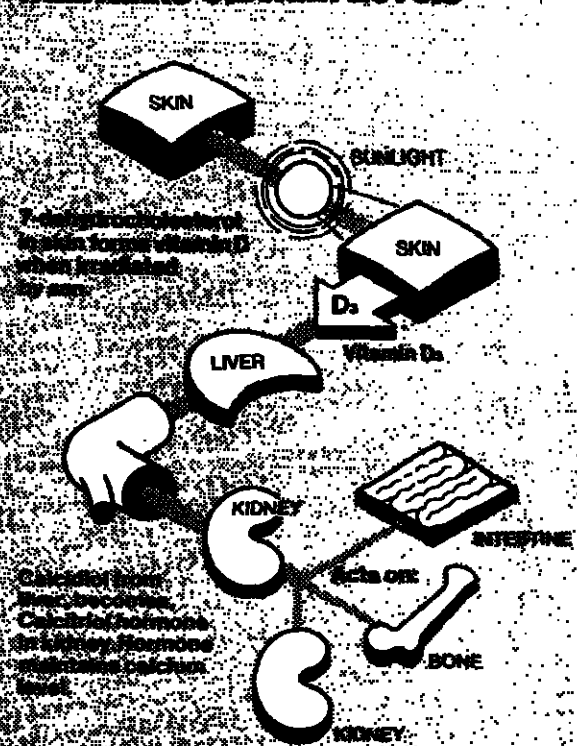
While Dr. Heaney said he believed that "the rate of strain on the bone, rather than size of the load, is important," which would confer an advantage to runners and jumpers over weight-lifters, Dr. Ettinger said that muscle development through weight-lifting was more likely than running or walking to stimulate an increase in bone strength. Dr. Heaney pointed out, however, that vigorous exercise of all types triggered the release of growth hormone, which in turn stimulates bone formation in people of all ages.

Furthermore, there is increasing evidence that deficiency of the activated form of vitamin D, not calcium per se, is ultimately responsible for much osteoporosis. As people age, not only do they obtain less vitamin D from their diets and from exposure to sunlight, but their bodies become less able to convert the vitamin to its active form, a hormone known as calcitriol. Without enough calcitriol, calcium absorption through the intestinal tract is greatly reduced, especially if the amount of calcium consumed is low to begin with.

Definitive studies of calcitriol's effectiveness in countering osteoporosis are nearing completion at five medical centers and, if the results confirm preliminary findings, the Food and Drug Administration is expected to approve the hormone therapy possibly within a year. The hormone would obviate the need for large doses of calcium and may even supplant estrogen therapy to prevent bone loss in postmenopausal women.

For all the publicity given to calcium's contribution to bones, skeletal strength is hardly its mineral's most vital role. Although 99 percent of the body's calcium is found

How Vitamin D Maintains Calcium Levels



When Blood Level of Calcium Drops



in bones and teeth, it is the 1 percent in solution that keeps people alive. Calcium must be present in blood serum and other body fluids at all times to maintain or facilitate a normal heart beat, nerve conduction, muscle contraction, enzyme reactions, hormone secretions, cellular adhesion and blood coagulation. When blood levels of calcium fall too low, fatal convulsive tetany can result.

If inadequate amounts of calcium reach the blood from dietary sources, calcium is removed from the bones to make up the difference. The skeleton can be viewed primarily as a storehouse for calcium, releasing the mineral whenever it is needed for its other life-sustaining functions. Such a storehouse became essential when land animals evolved, leaving behind a perpetual bath of calcium-containing seawater. The normal level of calcium in the blood is the same as that found in seawater, and an elaborate biochemical mechanism has evolved to maintain that blood level.

Dr. Hector DeLuca, a University of Wisconsin biochemist who has done much to unravel this mechanism, and especially the role played by vitamin D, says that calcitriol, a compound manufactured in the body from cholesterol, is "perhaps the most potent steroid hormone known." It is prompted into action by parathyroid hormone, which is secreted when blood levels of calcium drop below normal.

A substance called vitamin D-3 is formed in the skin when the skin is exposed to ultraviolet light. This vitamin is found in some foods, primarily fish liver oils and fortified milk products. Vitamin D-3 is inactive unless further processed. The liver transforms D-3 into calcidiol, the main version of vitamin D found circulating in the blood. When more calcium is needed in the blood, parathyroid hormone is released. It stimulates the kidneys to convert calcidiol into calcitriol, or activated vitamin D.

Calcitriol, in turn, acts on three major tissues: It enhances calcium absorption through the intestinal wall; it facilitates removal of calcium from bones and it causes the kidneys to reabsorb more of the 7,000 to 10,000 milligrams of calcium that each day spill into the urine. The net effect is to raise blood levels of calcium to normal, which completes the cycle by turning off parathyroid hormone.

If the amount of calcium available through the intestine (that is, through dietary sources) is not adequate to keep blood levels up, the bones, which serve as a calcium bank, make up for the shortage. When calcium withdrawals are chronic, as they would be in people who perpetually absorb too little dietary calcium, the bones gradually weaken.

IN BRIEF

\$1 Million for New Natterjack Habitat

LONDON (AP) — British Nuclear Fuels says it will spend about \$1 million (\$1.42 million) to create new breeding grounds for about 500 rare Natterjack toads that live in the path of a planned railroad on the site of the company's complex at Sellafield in the northwest English county of Cumbria.

The company said it would dig new ponds, divert a stream and landscape an area with the toads' favorite soil and plants.

Immune System Affected by Sunlight

EDINBURGH (Reuters) — Sunshine can temporarily lower the body's defenses against disease and unleash latent viruses, according to researchers at Edinburgh University. They said some people were at risk from even brief exposure to sunlight, not enough to cause a sunburn.

A team led by Dr. Mary Norval reported after two years of research that the immune system appeared to be suppressed three to ten days after exposure to the sun. The subjects were vulnerable to new infections and, if they had latent viruses, to eruption of the viruses' symptoms.

Two viruses in particular appeared to be unleashed, Dr. Norval said — herpes simplex, which produces cold sores, and papilloma, which produces warts. The project was the first major study combining research into these two viruses and the effects of ultraviolet light.

Heart Disorder Called Unpreventable

EVANSTON, Illinois (UPI) — The most common congenital heart disorder, ventricular septal defect, cannot be prevented, aside from good standard prenatal care to avoid premature birth, a new study concludes.

Dr. Thomas B. Newman of the University of California at San Francisco said in an announcement about the study: "Beyond the two definitely known causes of VSD, which are premature birth of the baby and a family history of congenital heart disease, we can find no other risk factors. The incidence of VSD seems to be the same everywhere." The disorder, in which there is a hole between the two ventricles of the heart, must be corrected with surgery. It occurs in about 3 of every 1,000 births. Dr. Newman reported his findings in the journal *Pediatrics*.

Early Trauma, Agoraphobia Linked

WASHINGTON (UPI) — Major childhood traumas, such as separation from a parent, appear to be one factor that leads to agoraphobia, the fear of open spaces or fear of leaving the house, Italian and British scientists report in the *American Journal of Psychiatry*.

Comparing two similar groups of 31 adults, the team found that the agoraphobics had almost three times as many "major traumatic life events," usually between ages 4 and 15. These included death of a parent or other relative living at home; separation from a parent for at least six months; and divorce or separation of parents.

Cholesterol-Binding Protein Made

SAN FRANCISCO (UPI) — American and Israeli scientists using genetic engineering say they can manufacture the protein apo-E, which removes cholesterol from the blood, in sufficient quantities to study how the substance works.

Dr. Robert W. Mahley of the University of California in San Francisco said: "Apo-E is very important in cholesterol transport, and yet it is difficult to study because it is found in such small quantities in the plasma of normal humans or animals. We need large concentrations of apo-E to work with to see how it affects cholesterol metabolism."

With larger quantities of apo-E, Dr. Mahley said, scientists can change the structure of the protein's molecule and might someday create an apo-E molecule that would bind cholesterol to its receptors more effectively than the natural form does. Dr. Mahley was reporting in the *Proceedings of the National Academy of Sciences* on work done with Tilda Vogel and Marian Gorecki in Israel.

Cheaper Hepatitis-B Shots Are Tried

CHICAGO (UPI) — Inoculation with hepatitis-B vaccine, whose cost precludes its use in much of the world, can be effective in as little as one tenth the usual dose, according to doctors at Walter Reed Army Institute in Washington.

Dr. Robert Redfield and colleagues reported in the *Journal of the American Medical Association* that the weaker vaccine was administered in a shallow injection under the skin rather than deep in the muscle. One of 25 subjects failed to respond to the dosage. Dr. Redfield said. The vaccine has been available since 1982 at a cost of \$180 to \$150 treatment. Hepatitis B is a scourge throughout the Third World and is considered the leading cause of cancer in young men in many parts of southeast Asia.

Pope, in Annual Christmas Message, Calls for a Just, Sober, Godly Society

VATICAN CITY — Pope John Paul II, in his traditional Christmas message, urged Roman Catholics to build a society based on sobriety, justice and godliness.

The pope, giving his traditional *Urbi et Orbi* (To the City and the World) message from the balcony of St. Peter's Basilica, said Wednesday that a "mass of suffering" weighed on humanity but that Christ's birth symbolized the first step to creation of a new people.

This people will know "how to be sober with regard to the resources of the universe and wise in the use of the energies of its own mind for it knows how to resist the false mirage of a progress that is indifferent to moral values," he said.

Society also should be founded on justice, he said, urging "a people ever aiming at the goal of a more authentic community of persons, in which every individual will feel accepted, respected and esteemed."

The pope, whose address was televised live to more than 40 countries, wished Christians "Merry Christmas" in 51 languages. A crowd of 50,000 in St. Peter's Square was present for the speech.

Pope John Paul, celebrating his eighth Christmas as head of the church, said society should also open itself to God "from whom it expects the constant support needed for traveling forward along the road of true progress, toward the goal of the meeting with Christ."

Faithful Gather in Bethlehem

Earlier, Dan Fisher of the *Los Angeles Times* reported from Bethlehem:

Pilgrims greeted Christmas in the city of Christ's birth as Israeli and Palestinian officials expressed hopes that 1986 will bring true peace to the Holy Land.

Visitors crowded into the Greek Orthodox Church of the Nativity, built over the cave said to have

been the birthplace of Christ, and the adjacent Roman Catholic Church of St. Catherine for a midnight mass.

But the crowd in Bethlehem's Manger Square, where tourists could view the mass on a large outdoor television screen beneath clear but cold skies, was smaller than last year.

Israeli tourism officials said about 15,000 pilgrims arrived in the country for the Christmas season, down about 25 percent from last year. They attributed the drop on hijackings earlier this year of TWA and EgyptAir airliners and the Achille Lauro cruise ship.

Bethlehem's Palestinian mayor, Elias Freij, later held his city's annual Christmas Eve cocktail party, which was attended by Prime Minister Shimon Peres.

"Let us all pray that in 1986 there will be peace in the Holy Land, where the Arabs and the Israelis can live in peace, in security, as good neighbors, as free neighbors and equal neighbors, as neighbors who will work hand in hand to improve the quality of life for all the people in the Holy Land," Mr. Freij said in welcoming remarks.

In response, Mr. Peres said: "There is an air of peace blowing in our region; let us learn to breathe it properly."

Mr. Peres said that since last Christmas, when he became the first Israeli head of government to visit Bethlehem for the holiday celebration, there has been important progress toward peace.

"Since we met here a year ago, there is one war less — the troubling war in Lebanon," the prime minister said. "And there is one chance more — the completion of an agreement with Egypt. And there is a suggested bridge across the Jordan River — to open negotiations to solve the conflict both with the Jordanian Kingdom and the Palestinian people."

Hess's Release Urged

The president of West Germany, Richard von Weizsäcker, urged the Soviet Union Tuesday to release Rudolf Hess, former deputy to Adolf Hitler, the Associated Press reported from Bonn.

In his Christmas message, Mr. Weizsäcker also called on South Africa to free the black activist Nelson Mandela, head of the outlawed African National Congress who has been jailed since 1964.

Hess, 91, the last surviving member of Hitler's inner circle, is serving a life sentence in West Berlin's Spandau Prison, where he is the only remaining inmate.

The Western victors of World War II — the United States, Britain and France — have expressed willingness to free Hess for humanitarian reasons, but the fourth Allied power, the Soviet Union, has blocked his release.

The West German president urged the Russians to "give relief to the very sick" physicist Andrei D. Sakharov, the Nobel laureate who has been exiled to the city of Gorky for his dissident activity.

Mr. Weizsäcker acknowledged that Hess was "truly no champion of human rights or freedom."

"But Hess has been serving a sentence 44 years now," he said, taking into account Hess's wartime interment in Britain.

In London, meanwhile, Queen Elizabeth II said tragic events in 1985, including plane crashes, earthquakes, famine, volcano eruptions and acts of terrorism, should not obscure the "bravery and self-sacrifice" of people who help mankind every day.

Christmas, she said, "is a time to look at the good things of life and to remember that there are a great many people trying to make the world a better place, even though their efforts may go unrecognized."

Spain Promotes Peace Initiative in Nicaragua

(Continued from Page 1)

to lift the state of emergency, declare a general amnesty and produce a calendar for new elections," Mr. Godoy said. "They didn't like this at all of course, but they didn't reject anything."

Mr. Ramirez said the two sessions held thus far would be best described as "an exchange of ideas and delineation of common interests." He said the Sandinistas should lift the state of emergency that limit personal freedoms before seeking cooperation from opposition parties.

"They have asked that the parties make certain statements regarding American aggression," Mr. Ramirez said. "But we view internal reconciliation as the key to the peace process. To a certain degree, we are at a standstill, but I presume the Spanish ambassador wants to push things along."

Mr. Cuervo said in a brief interview that the Spanish initiative was not intended to counter U.S. policy in Nicaragua.

"We are acting as loyal allies," he said.

Official Loses Moscow Post

(Continued from Page 1)

Moscow party committee that led up to the removal of Mr. Grishin became a quinquennial Kremlin drama, best followed by reading between the lines of newspaper reports.

The political survival of Mr. Grishin, in the absence of concrete information, was measured by diplomats in terms of newspaper articles ostensibly about tomatoes, eggplants, plumbing and concrete.

The developments began in July when Sovietkayna Rossiya, a party newspaper that has championed an anti-corruption campaign, criticized the pace and quality of housing construction in Moscow.

Mayor Vladimir P. Promyslov was singled out, but Mr. Grishin seemed to be the primary target, even though he was not named. Soviet officials and Western diplomats said they also expected Mr. Promyslov to be replaced.

Government, Foes Call 10-Day Truce in El Salvador

(Continued from Page 1)

SAVILADOR — The Salvadoran government, in a surprise move, has agreed to a 10-day holiday cease-fire previously approved by leftist rebels. The truce was the longest ever called in six years of civil war.

"On the basis of Christmas spirit and the request of the Salvadoran Catholic Church, the government of the republic decided to suspend offensive actions of the armed forces during the Christmas period," said a statement from the office of President José Napoleón Duarte.

But the statement said the military "will remain vigilant" during the truce, scheduled from midnight Tuesday to Jan. 2, because the army had a "constitutional obligation to watch over public security."

The cease-fire, proposed Sunday by Catholic Archbishop Arturo Rivera y Damas, was immediately accepted by the rebels.

Cease-fires for both Christmas and New Year's have been traditional. But the government's acceptance came as a surprise. A military observer had said the army would be reluctant to agree to a suspension of patrols, counterinsurgency sweeps or air raids.

stage it would be very difficult for them to get military assistance," Representative Dave McCurdy, Democrat of Oklahoma, said Monday.

Mr. McCurdy, who played a leading role in fashioning the \$27-million nonmilitary aid package approved last July, added, "I think there could be a continuance of humanitarian aid."

Dave Durenberger, Republican of Minnesota, chairman of the Senate Select Committee on Intelligence, said in an interview last week that he was not ruling out

military aid but thought it was "premature for the administration to think of escalating or changing the compact."

Spending authority for the \$5 million runs out on March 31, as the administration has said it is formally bringing up the issue in Congress in the first months of 1986.

Mr. Durenberger ruled out a turn to a CIA-directed program which Congress has opposed for two years, repeating previous actions that as long as he remains chairman of the intelligence committee "they just aren't going away with using the CIA."

Catholics Open a New Era in Beijing

(Continued from Page 1)

cial group that runs Catholicism in China since Mao forced Chinese Catholics in 1957 to break their ties with the pope.

Because of the break, Catholics in China have not shared in the changes decreed by the Second Vatican Council in 1962-65, such as the holding of Mass in indigenous languages rather than in Latin.

For the renovation of the Beijing Church, which is also known as the Church of the Savior, Beijing allocated one million yuan (\$310,000) and made available carpenters, painters and masonry workers. Helped by volunteers, they completed the work barely 24 hours before the consecration ceremony Tuesday.

A man of 82 who attended the ceremony with his son and grandson recalled being baptized in the church, taking his first Communion there and later, after earning a doctorate in Germany, returning to be married there.

"This was our spiritual home," he said in German. "Now we have the building back, but a faith is more than buildings. It is here in the heart, and our hearts are still yearning for something the party has denied us."

He was alluding to the Communists' continuing refusal to allow formal links between Catholics and the Vatican.

According to official figures, there are three million Catholics in China, 30,000 of them in Beijing.

For them, the last few years have seen improvements from the Mao era, when churches were closed and worship was forbidden. This year alone has seen the reopening of churches in Beijing, Shanghai and Tianjin, and the independent Chinese Catholic group has played host to Catholic visitors from

abroad, including Mother Teresa.

In Rome, Pope John Paul II has responded with conciliatory remarks, but his insistence on recognition of papal authority has been rebuffed here.

According to the old man who spoke of the lost link with Rome, some believers prefer to worship in private rather than attend the official churches. Since many of these people had managed to observe the sacraments throughout the Cultural Revolution, he said, it was not difficult for them to continue to do so.

"The feeling for the pope is strong, particularly this pope," said. Referring to the Polish-born pope, he said, "He is loved for his strength and his vitality, because he, too, has known what it is to be a believer in a Command."

From the scene in the Beitai seemed that for many Catholics opportunity to worship open hear a choir singing "Kyrie, son," to listen to the pealing church bells, even if only on a cording, was more compelling doctrinal disputes.

Soviet Plane Hijacked; China Returns Passengers

(Continued from Page 1)

and declined to answer further questions.

"On Dec. 19, a Soviet civil aviation passenger plane, an Antonov-24, was hijacked to China," the statement said. "The plane landed in the western part of Hailongjiang province. On Dec. 21, crew members and all the passengers re-

turned to the Soviet Union safely." The Soviet Embassy declined comment on the incident.

Gannan, which has no airport, is 12 miles (19 kilometers) from the large Hailongjiang city of Qiqihar and about 500 miles southeast of China.

Officials from the Chinese Foreign Ministry and Soviet Embassy

in Beijing were sent to Hailar to handle the incident, the Hailar official said.

A spokesman for China's Civil Aviation Administration confirmed the hijacking but declined to discuss it in detail.

Diplomats in Beijing said it was the first known instance of a hijacking to Communist China.

Six Chinese hijacked a domestic airliner to South Korea on May 5, 1983, and requested political asylum. In a response that led to expanded ties between Seoul and Beijing, the South Koreans convicted the hijackers of violating territorial airspace.

But they were released a year later and sent to Taiwan, where they were welcomed as heroes.

Dining Out

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| <p>PARIS 1st</p> <p>VEGETARIAN RESTAURANT High class, Indian specialties lunch \$9.95, dinner \$12.95. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>PARIS 6th</p> <p>CARR'S Where in Paris Dine in Carr's French & Irish specialties. French & Irish food, Sunday, Monday, Tuesday, Wednesday, Thursday, Friday, Saturday, 11:30 a.m. to 11:30 p.m. Tel. 42-22-97-00</p> <p>PARIS 6th</p> <p>JO GOLDENBERG 7, rue de la Chapelle, 11420-2070. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>PARIS 6th</p> <p>LE PROCOPE At St. Germain des Pres, established in 1688. Traditional French cuisine, recommended by the Paris Press. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> | <p>PARIS 6th</p> <p>LE SAINT GERMAIN DE LA M Specialized in fish, oysters, shellfish. Gilded menu of traditional cooking - mid-century atmosphere. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>PARIS 7th</p> <p>LE DAUPHIN 44, rue de la Chapelle, 11420-2070. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>PARIS 8th</p> <p>LA CALAVADOS 40, rue de la Chapelle, 11420-2070. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>PARIS 8th</p> <p>L'OR des CHAMPS ELYSEES Traditional French cooking with local ingredients. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> <p>VIENNA</p> <p>KERVANSAR Turkish & Levantine specialties. Tel. 42-22-97-00. Open 12 to 10:30 p.m. at Sunday. (Chateau de Suresnes, 15, rue de la Chapelle, 11420-2070)</p> |
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FINANCIAL ROUNDUP

Westinghouse Sells Group W Cable

Merger of Cable Systems
YORK — Westinghouse Corp. has signed an agreement to sell its Group W Cable to five cable operators, of about \$2.1 billion.

Westinghouse said Tuesday that the sale of the Group W Cable system, which includes the cable systems of the five cable operators, will be sold to five cable operators, of about \$2.1 billion.

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Building Orders Fall

YORK — Orders from Japan's construction firms fell 18.3 percent in November to \$45.4 billion, according to a survey by the U.S. Commerce Department.

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MidCon Sues Takeover Bidder

Associated Press
LOMBARD, Ill. — Mid-Con Corp. said it has sued a partnership attempting a hostile takeover, alleging violations of federal securities laws.

WB Partners said Monday that it had received commitments covering more than two-thirds of the financing needed for its \$2.7-billion cash offer to acquire Mid-Con, a natural-gas pipeline company.

Mid-Con's board rejected the offer and authorized an offer to buy back up to 10 million shares of its own common stock in a \$75-a-share cash and securities stock swap.

In several lawsuits filed Tuesday, Mid-Con asked for an injunction against the takeover, accused the defendants of "making misleading statements or omitting pertinent information in the tender offer."

WB Partners is a partnership of Freese-McMahan Inc., a New Orleans energy and minerals company, and Wagner & Brown, an oil and gas concern based in Midland, Texas.

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Renault Puts More Cash Into AMC

By John Holusha
New York Times Service

DETROIT — American Motors Corp. said it has received another injection of cash from its French parent, Renault, in the form of a sale of \$50 million in debentures.

The transaction brings Renault's total stake in the smallest of the U.S.-based auto companies to \$645 million, including the \$405 million it spent to buy 46.1 percent of AMC's common stock.

The action, taken on Tuesday, does not affect Renault's ownership position, an AMC official said.

AMC did not say what the funds were to be used for, but the company has been steadily posting losses while trying to develop new lines of

cars to add to its slow-selling Alliance and Encore subcompacts.

The company's losses in the first three quarters of 1985 total \$118 million. AMC was marginally profitable in 1984, a banner year for the U.S. auto industry, with profits of \$15 million, but it reported a loss of \$147 million in 1983 and \$154 million the previous year.

Renault recently made management changes at AMC. Pierre Semerena, 58, formerly an executive vice president of Renault, was made chairman. Jose J. Dedeurwaerd, also a former Renault executive, and AMC's president since 1982, was retained as chief executive and was made chairman of the board's executive committee.

Since the French government-

owned Renault gained control of AMC in 1979, the company has concentrated on modifying for the U.S. market cars developed by Renault, as well as selling Renault models imported from France.

In addition to the Alliance and Encore, AMC is planning to introduce a high-performance model, the Alpine, in America by 1987 and is building a factory in Brampton, Ontario, to build midsize cars.

AMC officials have also reportedly been talking with smaller Japanese automobile companies about the possibility of importing a mini-car to compete with the low-priced models coming from South Korea, Taiwan, Yugoslavia and other foreign locations.

Texaco Gets Financing From Banks

United Press International

WHITE PLAINS, New York — Texaco Inc. has agreed to sell up to \$1.6 billion of its accounts receivable to a group of American and international banks.

The oil giant, which earlier this month had an \$11.1-billion court judgment against it, said Monday that it had completed the agreement to sell accounts receivable "on a continuing basis" to the banks.

Texaco said the transaction was not connected to a possible settlement with Pennzoil Co., in whose favor the judgment was made.

Texaco's treasurer, Edward Wolahan, said Manufacturers Hanover Bank (Delaware) is the manager of the bank syndicate.

He said the purchase agreement had been established to support the liquidity positions of Texaco and its subsidiaries.

Texaco said last week it was trying to reach agreement with its lenders for a credit arrangement that would give it access to additional cash and help pay off concerns among suppliers about being paid.

On Friday, Texaco asked U.S. District Court Judge Charles Bryant to issue a preliminary injunction to stop Pennzoil from collecting the record judgment while Texaco appealed a Texas jury's finding that Texaco illegally entered Getty Oil Co. to renege on a merger pact with Pennzoil in 1984.

The judge adjourned the hearing after lawyers for Texaco and Pennzoil said they were discussing settlement.

Texaco has argued that it cannot afford to pay the \$12-billion bond required under Texas law to appeal the judgment.

Progress Reported in Talks

Representatives of Texaco and Pennzoil have made some progress in talks aimed at settling their dispute, sources close to the talks said, according to a New York Times report.

Bu Baine P. Kerr, a Pennzoil director participating in the negotiations, said: "We're far from agreeing on anything."

EDS Withdraws Proposal to Acquire Logica

By Bob Hagerty
International Herald Tribune

LONDON — Electronic Data Systems Corp., a unit of General Motors Corp., has said that it has withdrawn a proposal to acquire Logica PLC, one of Europe's biggest independent computer-software companies.

EDS said Tuesday that Logica's board had rejected a proposal made last week. Terms were not disclosed, but at Logica's current share price the company is valued at about \$50 million (\$72 million).

Logica has been highly successful in creating customized software, particularly for the banking, military and telecommunications industries. But a diversification into

manufacturing of word processors and other equipment has foundered. As a result, Logica reported a loss of \$3.5 million on revenue of \$80.6 million in the year ended June 30.

The company announced last week that it would close most of its loss-ridden manufacturing operations at an estimated cost of \$11 million, which would effectively wipe out its net tangible assets. To refinance itself, the company has arranged to raise \$15.1 million through a sale of new shares.

The stockbrokerage of Greiverson, Grant & Co. forecasts that Logica's mainstream business will show pretax profit of \$5.5 million in the current year, up from \$3.7 million last year.

A spokesman for EDS said the company never intended to make a hostile bid for Logica.

Logica's chairman, Philip Hughes, said last week that a takeover by EDS would lead to "an enormous walk-out of staff, starting with the senior people."

General Motors acquired Dallas-based EDS in October 1984 for \$2.5 billion. EDS has been seeking to increase its data-processing business in Europe, where it has more than 1,600 employees.

EDS announced last week an agreement under which it assumed responsibility for certain data-processing and communications services for Unilever in Britain and the Netherlands.

Vector Graphic Seeks Chapter 11 Protection

Los Angeles Times Service

LOS ANGELES — Vector Graphic Inc., which grew from a kitchen-table business to the forefront of the personal-computer revolution, said it has filed for protection from its creditors under Chapter 11 of the U.S. Bankruptcy Code.

The company said Tuesday that it will keep trying to find a merger partner, and that discussions will continue with Dual Systems Control, a privately held computer company in Berkeley, California.

But management officials said that had earlier agreed in principle to merge with Vector and temporarily ran the company under a management contract.

Vector's board "has determined that the best means to proceed with merger or alternative reorganization discussions is through the Chapter 11 proceeding," the company said, adding that it will go on selling its products and providing support to existing users.

At its peak in its 1982 fiscal year, Vector had \$36.2 million in sales, \$2.4 million in profits and 425 employees. It specialized in personal computers and multiuser systems favored by small businesses, and once was one of the three biggest companies in that field.

But management officials said the entry of giant IBM into the personal computer business sent the company into a steep slide from which it has never recovered.

The 9-year-old Vector now has fewer than 30 employees. It reported

losses of \$9.2 million for the fiscal year ended June 30 and \$7.6 million the year before. Sales plummeted to \$5.1 million, from \$15.2 million in the 1984 fiscal year.

For the quarter ended Sept. 29, Vector reported a loss \$600,000 on sales of \$550,000. Its stock, traded over the counter, was deleted Friday from the National Association of Securities Dealers Automatic Quotation System because the company no longer meets NASDAQ's minimum net worth requirement of \$375,000.

Japanese Report Sees GNP Growth Of 3.9% in 1986

Reuters

TOKYO — The Daiwa Securities Research Institute has forecast that Japan's gross national product will rise by 3.9 percent in the fiscal year beginning April 1, a drop from this year's GNP of 4 percent.

The government has forecast a growth rate of 4 percent for next year and other major research organizations have forecast GNP growth of around 3 percent.

Daiwa said Tuesday that the economy would be sluggish early next year but would pick up sharply later, in line with economic recovery in the United States. GNP is the total measure of the nation's goods and services.

Japan's current account surplus will rise to \$57.1 billion from \$52.1 billion this year, the institute said. Current account measures trade in goods and services as well as interest, dividends and certain transfers.

Daiwa's forecast assumes that the average value of the yen would be 191 to the dollar in the next fiscal year, a significant drop from this year's 222 yen to the dollar. It also is based on the presumption that there will be a Japanese official discount rate cut of half a point in April and July 1986.

Int'l Secretarial Positions

H G M MEDICAL LASER SYSTEM GmbH
One of the World's Leading Medical Laser Manufacturers is seeking

EUROPEAN SALES MANAGER
To be based in Munich, W. Germany, at the International Headquarters. The successful candidate will be required to provide technical & sales support to our existing network of distributors as well as running seminars and coordinating participation of international conferences and exhibitions.

A significant amount of travel is envisaged. The ideal candidate should have a first hand knowledge of lasers and preferably some medical application background in the fields of ophthalmology or cardiovascular surgery. A working knowledge of European languages is helpful.

Send C.V. and first instance to: HGM Medical Laser Systems, 9999 W. 1820 S., Salt Lake City, Utah 84104, U.S.A. Relocation assistance will be provided.

Beyond the debt crisis—Latin America the next ten years.



LONDON, JANUARY 27-28, 1986.

The International Herald Tribune and Inter-American Development Bank are presenting a major international conference bringing together an outstanding group of financial, government and corporate leaders, to address the outlook for Latin America over the next ten years.

Businessmen in India Debate Tax Crackdown

(Continued from Page 7)

"I don't have to worry about anyone's political clout. It is different from the old days when one had to be careful whose name was stepping on." Mr. Singh said he has received enormous publicity and contributed to Gandhi's reputation as a politician, although it is unclear how many of those who are sympathetic to the government have been trampled under pressure from the business community. Mr. Singh said the government would no longer use the names of those arrested.

The biggest criticism of the tax has been that it has been used to punish those who are not in the black economy—the flow of cash for payoffs, bribes and "contributions" to bureaucrats and politi-

cians recently issued 602-page National Institute of Public Finance and Policy—a semi-autonomous group within the Finance Ministry—said that this form of taxation had "greatly worsened" the situation.

Mr. Singh found that a major source of black money came from the sale of government land and construction projects, while programs and other ventures, also said that bribes to government officials are routinely paid by individuals and businesses now to obtain jobs, contracts and services as electricity, telephone connections and irrigation.

It is easy to avoid taxes by falsifying books and bribing your way through the Income Tax Department, a businessman said in an interview. "I have friends in the business who make huge amounts of money and pay no tax at all."

The institute study also estimated that perhaps 30 percent of the 1980 parliamentary elec-

tions was funded by black money. There was no estimate for the 1984 election, which was won by Mr. Gandhi and the ruling Congress (I) Party.

A "prime cause of black-income generation" is the need for cash to make such "contributions," the institute study commission said.

Mr. Singh was asked why investigators had not arrested any prominent politicians participating in this system. He said only that "at some stage" the government would have to finance elections to free the system of corruption.

Part of the debate over the tax is the question of whether they will have any lasting effect. Some experts point out that raids had been increased in the past, and that these were followed by a resumption of the old activities.

Mr. Singh contended that the tax had already begun to work. He said tax revenues in India had surged more than 20 percent this year because of stepped-up tax enforcement and increased economic growth resulting from Mr. Gandhi's tax cuts.

One decade ago, the marginal income tax rate in India was as high as 75 percent. Mr. Gandhi lowered it this year to 50 percent, from 62 percent, and there is talk it could go down to 40 percent as early as next year. Corporate taxes, licensing requirements and regulations also have been cut.

In interviews, several businessmen said they detected some change in business attitudes toward taxes, but that it was too early to say if the change would be permanent.

"I think a lot more people are going to pay more taxes, with both these raids and with tax rates coming down," one executive said. "A friend of mine who owns two shops said it would be worth paying more just to avoid all this hassle."

A tax consultant said: "My clients tell me this year that they want to show much higher income than last year. I tell them, 'Don't overdo it, because the authorities will definitely ask awkward questions about this sudden accumulation of wealth.'"

Prices in Brazil Up 234% in '85

(Continued from Page 7)

RIO DE JANEIRO—Inflation in Brazil reached a record 233.7 percent this year as consumer prices increased 13.4 percent in December, according to statistics released Tuesday by the Planning Ministry.

The previous inflation record, 208.8 percent, was set in 1984. Most of the upward pressure this year came from the prices of agricultural products, which increased 280 percent.

An index used by the independent Getulio Vargas Foundation also is expected to show an inflation rate of more than 230 percent for 1985, sources in the organization said.

End-of-Year Strategies

(Continued from Page 7)

according to Thomson McKinnon Securities Inc.

One approach calls for buying a put option on the long stock that already is owned by the investor. A put contract gives the buyer a right to sell a specified number of shares of a stock at a set price within a certain period.

"Another way to protect the gain from market risk is to write, or sell, a call option on the stock owned," the brokerage firm said. "By writing a call option, you give the buyer a right to purchase your stock at a 'strike price' for a specific period of time for which you receive a premium."

Option-related techniques of protecting market gains, however, are more complex than the more straightforward method of shorting against the box. Thus, investors who may wish to utilize these approaches should first investigate all of the possible permutations of the options market.

Moreover, since options are generally available only in the larger and better-known stocks, the techniques cannot be used on many smaller stocks.

Shake-Up Brings Faster Pace, Soaring Pay to London Market

(Continued from Page 7)

into a market with fewer but larger and more diversified companies. The hope is that a handful of world-scale British firms will emerge in a few years as top-to-toe competitors with the likes of Merrill Lynch and its Wall Street brethren.

Although economic logic is the underpinning for the market opening, the City of London is a turbulent, anxiety-ridden place these days. Many view the preparations for wholesale deregulation as speculation because of uncertainty about the brave new world that the City will enter with the "Big Bang."

Alan Morgan, a partner of McKinsey & Co., sees evidence of a broader breakdown in the traditional "village culture" of the City.

The gentleman's agreement approach was seen to be increasingly out of step with what's happening in the international capital markets and with business realities," he said.

The changes already are evident. The pace in the City has quickened dramatically, and there is greater emphasis on performance. Compensation is increasingly linked to results. Workdays tend to start earlier and end later. Lunches are shorter. The drinks are fewer.

Salaries also have risen. Traders are now most in demand, and their average compensation has quadrupled in the past two years, according to recruiters. Bonuses for signing some traders have ranged up to \$2 million.

"There simply is no limit" to what they can make, said Mr. Gibb, president of the recruiting firm Gibb & Partners.

Whatever the shape of the new City, the biggest global market in the banking and securities industries was part of it. Outsiders that have bought stakes in British banks and dealers include Citicorp, Chase Manhattan, Shearson Lehman Brothers, Credit Suisse, Deutsche Bank, Union Bank of Switzerland and the Hong Kong & Shanghai Bank.

Foreigners are allowed to purchase British brokers gradually and currently may own up to 29.9 percent of a British firm. That stake

can be increased to 100 percent starting next March.

So far, nearly 100 British and foreign firms have been included in deals.

The buyers are seeking both entry into new businesses and easier access to London's important equity market. The sellers need extra capital backing, which can be supplied by well-heeled foreign parents, to survive in the unregulated game.

The amount paid by both British and foreign buyers is expected to reach more than \$2 billion by the end of next year, when 100 percent ownership is allowed.

With new firms arriving and trading expected to rise after the Big Bang, office space in London's financial district has become scarce and expensive.

A consortium led by Credit Suisse-First Boston and Morgan Stanley is planning to build a "second City" two miles away in an undeveloped dock area on the Thames River called the Isle of Dogs.

The proposed \$2.2 billion project, dubbed Canary Wharf, would include three tower blocks, shops, apartments, roads and parking. The complex of the revolution extends well beyond the City of London.

In Britain, the opening up of the capital markets has increased opportunities and competition for all the players in the financial markets. Institutional investors, for example, are now far more aggressive in seeking quick profits and are willing to sell their shares more often.

Another byproduct is the recent rash of hostile takeovers in Britain. Institutional shareholders who were once loyal to management are becoming less and less so. Their role is critical because they own more than two-thirds of British shares.

The Continent also is feeling the change. West Germany, France, the Netherlands and Norway have all announced steps to liberalize their capital markets in recent months.

"In the European markets, London is clearly the pace-setter for financial liberalization," said David F. Lomax, chief economic ad-

viser for the National Westminster Bank.

The rush toward deregulation in London is partly a game of catch-up. By the early 1980s, it had become apparent that the British securities industry was lagging behind the global financial revolution, particularly with developments in the United States.

Clear divisions traditionally have existed between different types of institutions and fixed commissions on trades. Merchant banks managed portfolios and handled corporate finance and international trade financing. Brokers sold

end to fixed commissions. The deal was struck and abolishment was scheduled for October 1986.

In the United States, the advent of negotiated commissions in May 1975 brought a sharp decline in commission rates on stock trading and a shakeout in the securities business. But the change also boosted trading volume and profits for the diversified financial giants that survived.

The extent to which the Wall Street experience will serve as a guide is uncertain.

For one thing, London's deregulation is broader in scope. Not only

are fixed commissions being abolished, but also the barriers separating the activities of different kinds of financial institutions.

The partial acquisitions already completed have given big British commercial banks, such as National Westminster and Barclays, and merchant banks, such as Morgan Grenfell, Kleinwort Benson Ltd. and S.G. Warburg & Co., positions in the brokerage business.

Because such combinations are taboo in the United States, American banks such as Chase and Citicorp are coming to London to test the waters.

"Getting rid of fixed commissions in the U.S. was a relatively minor development compared to what is going on here," said John M. Hennessy, chief executive of Credit Suisse-First Boston Ltd.

Much of what happens in London depends on how active the markets are as the deregulation goes completely into effect late next year. If a worldwide deflation takes place, the assumption that thinner margins will be offset by higher volume may not prove accurate.

Another major question is the degree of impact that the big international concerns, especially the American banks and securities houses, will have on the market.

The consensus seems to be that the adjustment will come in two stages. First, a shakeout will follow the consolidation that is now under way and probably will last for the next two to three years.

Second, the new firms that emerge will focus their efforts with leaders developing in such areas as stock trading and dealing in British government securities or "gilts."

Ultimately, the theory that unregulated markets generate greater wealth and employment should hold, most securities executives say. "But the road to that higher ground," one London investment banker said, "will be littered with bodies."

How many of the winners will be British is another question. As the market is internationalized, some City firms will find it difficult to compete, especially with the capital-rich American securities houses.

In merchant banking, for example, the roughly 15 firms may be weeded down to three or four bankers say. The strongest appear to be S.G. Warburg, Kleinwort Benson and Morgan Grenfell.

Yet there is some doubt about how significant the U.S. companies will be.

While the new environment will force British firms to fight for survival, the stakes will be far lower for U.S. firms. From a Wall Street perspective, the amount of money to be made in London may not be great because the market is much smaller.

The total capitalization of the London market is \$290 billion, compared with \$1.7 trillion in New York. That means the United States holds 50 percent of the world equity market while Britain holds only 9 percent.

But for the American firms, the reasons for enlarging operations in London go beyond an effort to make a dent in quarterly profits.

"London is the center of the international equities market now," said Norman Lawrence, senior vice president of Shearson Lehman Brothers International.

The changes already are evident. The pace has quickened dramatically. There is greater emphasis on performance. Compensation is linked to results. Workdays start earlier and end later. Lunches are shorter. The drinks are fewer.

Stock and so-called jobbing firms executed the trades.

Because the fees collected at each stage of a transaction increased costs to the investors, trading in British equities slipped overseas to more efficient markets. Today, the shares of some big British companies are traded more actively on Wall Street than on the London Stock Exchange.

The Thatcher government recognized that the globalization of financial markets was an irresistible force. It reasoned that without deregulation, the City of London, hailed as Britain's "fringe of prosperity," might become just another declining English industry.

Britain already had a striking example within its borders of the growth potential of a highly regulated market. Sales of Eurobonds, securities issued outside the home country of the borrower, have grown from \$48 billion in 1983 to an estimated \$120 billion this year.

In 1983, the government used a seven-year-old anti-monopoly suit against the London Stock Exchange as a lever for change, offering to drop the suit in return for an

Tuesday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.
Via The Associated Press

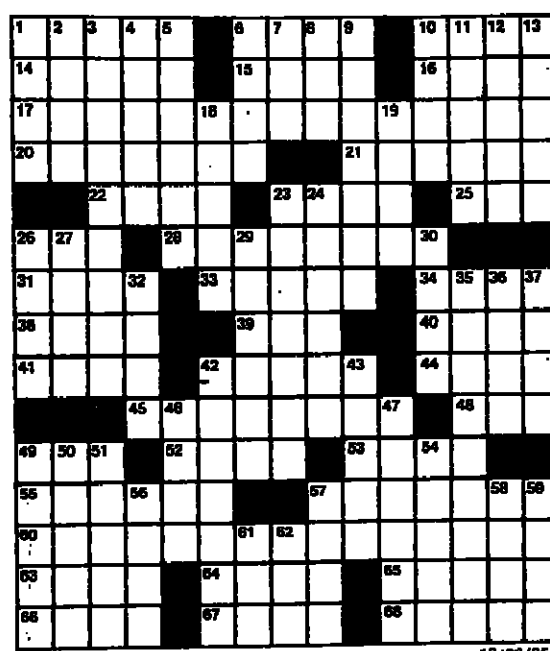
| 12 Month High | Low | Stock | Div. Yld. | 52 Week High | Low | 3 P.M. CLOS. |
|---------------|-------|-------|-----------|--------------|-------|--------------|
| 12.10 | 11.80 | ABC | 1.20 | 12.50 | 11.50 | 12.00 |
| 11.50 | 11.20 | DEF | 0.80 | 12.00 | 11.00 | 11.50 |
| 10.80 | 10.50 | GHI | 0.60 | 11.50 | 10.50 | 11.00 |
| 9.50 | 9.20 | JKL | 0.40 | 10.00 | 9.00 | 9.50 |
| 8.20 | 7.90 | MNO | 0.30 | 8.50 | 7.50 | 8.00 |
| 7.10 | 6.80 | PQR | 0.20 | 7.50 | 6.50 | 7.00 |
| 6.00 | 5.70 | STU | 0.10 | 6.50 | 5.50 | 6.00 |
| 5.00 | 4.70 | VWX | 0.05 | 5.50 | 4.50 | 5.00 |
| 4.00 | 3.70 | YZA | 0.02 | 4.50 | 3.50 | 4.00 |
| 3.00 | 2.70 | BCD | 0.01 | 3.50 | 2.50 | 3.00 |
| 2.00 | 1.70 | EFG | 0.00 | 2.50 | 1.50 | 2.00 |
| 1.00 | 0.70 | HIJ | 0.00 | 1.50 | 0.50 | 1.00 |
| 0.50 | 0.20 | KLM | 0.00 | 1.00 | 0.20 | 0.50 |
| 0.20 | 0.10 | NOP | 0.00 | 0.50 | 0.10 | 0.20 |
| 0.10 | 0.05 | QRS | 0.00 | 0.20 | 0.05 | 0.10 |
| 0.05 | 0.02 | TUV | 0.00 | 0.10 | 0.02 | 0.05 |
| 0.02 | 0.01 | WXY | 0.00 | 0.05 | 0.01 | 0.02 |
| 0.01 | 0.00 | ZAB | 0.00 | 0.02 | 0.00 | 0.01 |

| 12 Month High | Low | Stock | Div. Yld. | 52 Week High | Low | 3 P.M. CLOS. |
|---------------|-------|-------|-----------|--------------|-------|--------------|
| 12.10 | 11.80 | ABC | 1.20 | 12.50 | 11.50 | 12.00 |
| 11.50 | 11.20 | DEF | 0.80 | 12.00 | 11.00 | 11.50 |
| 10.80 | 10.50 | GHI | 0.60 | 11.50 | 10.50 | 11.00 |
| 9.50 | 9.20 | JKL | 0.40 | 10.00 | 9.00 | 9.50 |
| 8.20 | 7.90 | MNO | 0.30 | 8.50 | 7.50 | 8.00 |
| 7.10 | 6.80 | PQR | 0.20 | 7.50 | 6.50 | 7.00 |
| 6.00 | 5.70 | STU | 0.10 | 6.50 | 5.50 | 6.00 |
| 5.00 | 4.70 | VWX | 0.05 | 5.50 | 4.50 | 5.00 |
| 4.00 | 3.70 | YZA | 0.02 | 4.50 | 3.50 | 4.00 |
| 3.00 | 2.70 | BCD | 0.01 | 3.50 | 2.50 | 3.00 |
| 2.00 | 1.70 | EFG | 0.00 | 2.50 | 1.50 | 2.00 |
| 1.00 | 0.70 | HIJ | 0.00 | 1.50 | 0.50 | 1.00 |
| 0.50 | 0.20 | KLM | 0.00 | 1.00 | 0.20 | 0.50 |
| 0.20 | 0.10 | NOP | 0.00 | 0.50 | 0.10 | 0.20 |
| 0.10 | 0.05 | QRS | 0.00 | 0.20 | 0.05 | 0.10 |
| 0.05 | 0.02 | TUV | 0.00 | 0.10 | 0.02 | 0.05 |
| 0.02 | 0.01 | WXY | 0.00 | 0.05 | 0.01 | 0.02 |
| 0.01 | 0.00 | ZAB | 0.00 | 0.02 | 0.00 | 0.01 |

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| 11.50 | 11.20 | DEF | 0.80 | 12.00 | 11.00 | 11.50 |
| 10.80 | 10.50 | GHI | 0.60 | 11.50 | 10.50 | 11.00 |
| 9.50 | 9.20 | JKL | 0.40 | 10.00 | 9.00 | 9.50 |
| 8.20 | 7.90 | MNO | 0.30 | 8.50 | 7.50 | 8.00 |
| 7.10 | 6.80 | PQR | 0.20 | 7.50 | 6.50 | 7.00 |
| 6.00 | 5.70 | STU | 0.10 | 6.50 | 5.50 | 6.00 |
| 5.00 | 4.70 | VWX | 0.05 | 5.50 | 4.50 | 5.00 |
| 4.00 | 3.70 | YZA | 0.02 | 4.50 | 3.50 | 4.00 |
| 3.00 | 2.70 | BCD | 0.01 | 3.50 | 2.50 | 3.00 |
| 2.00 | 1.70 | EFG | 0.00 | 2.50 | 1.50 | 2.00 |
| 1.00 | 0.70 | HIJ | 0.00 | 1.50 | 0.50 | 1.00 |
| 0.50 | 0.20 | KLM | 0.00 | 1.00 | 0.20 | 0.50 |
| 0.20 | 0.10 | NOP | 0.00 | 0.50 | 0.10 | 0.20 |
| 0.10 | 0.05 | QRS | 0.00 | 0.20 | 0.05 | 0.10 |
| 0.05 | 0.02 | TUV | 0.00 | 0.10 | 0.02 | 0.05 |
| 0.02 | 0.01 | WXY | 0.00 | 0.05 | 0.01 | 0.02 |
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| 3.00 | 2.70 | BCD | 0.01 | 3.50 | 2.50 | 3.00 |
| 2.00 | 1.70 | EFG | 0.00 | 2.50 | 1.50 | 2.00 |
| 1.00 | 0.70 | HIJ | 0.00 | 1.50 | 0.50 | 1.00 |
| 0.50 | 0.20 | KLM | 0.00 | 1.00 | 0.20 | 0.50 |
| 0.20 | 0.10 | NOP | 0.00 | 0.50 | 0.10 | 0.20 |
| 0.10 | 0.05 | QRS | 0.00 | 0.20 | 0.05 | 0.10 |
| 0.05 | 0.02 | TUV | 0.00 | 0.10 | 0.02 | 0.05 |
| 0.02 | 0.01 | WXY | 0.00 | 0.05 | 0.01 | 0.02 |
| 0.01 | 0.00 | ZAB | 0.00 | 0.02 | 0.00 | 0.01 |

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| 9.50 | 9.20 | JKL | 0.40 | 10.00 | 9.00 | 9.50 |
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| 6.00 | 5.70 | STU | 0.10 | 6.50 | 5.50 | 6.00 |
| 5.00 | 4.70 | VWX | 0.05 | 5.50 | 4.50 | 5.00 |
| 4.00 | 3.70 | YZA | 0.02 | 4.50 | 3.50 | 4.00 |
| 3.00 | 2.70 | BCD | 0.01 | 3.50 | 2.50 | 3.00 |
| 2.00 | 1.70 | EFG | 0.00 | 2.50 | 1.50 | 2.00 |
| 1.00 | 0.70 | HIJ | 0.00 | 1.50 | 0.50 | 1.00 |
| 0.50 | 0.20 | KLM | 0.00 | 1.00 | 0.20 | 0.50 |
| 0.20 | 0.10 | NOP | 0.00 | 0.50 | 0.10 | 0.20 |
| 0.10 | 0.05 | QRS | 0.00 | 0.20 | 0.05 | 0.10 |
| 0.05 | 0.02 | TUV | 0.00 | 0.10 | 0.02 | 0.05 |
| 0.02 | 0.01 | WXY | 0.00 | 0.05 | 0.01 | 0.02 |
| 0.01 | 0.00 | ZAB | 0.00 | 0.02 | 0.00 | 0.01 |



ACROSS

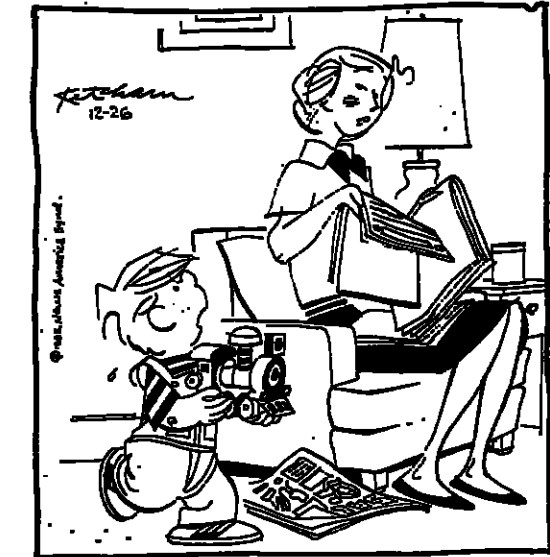
1 Had the misery
6 Launching site
10 Ointment
14 Western classic of 1953
15 Exploiter
16 Space
17 Sunup greeting
20 Painter, e.g.
21 Develop a liking for
22 Bulldogs' home
23 Umpire in the Hall of Fame
25 Northern canals
26 City near Jerusalem
28 Of a classification of people
31 Hussein, for one
33 Knock over a joint
34 "— in Kalamazoo"
36 "Hold the —!" (diner call)
39 Portray
40 Philippine Moslem
41 Further
42 Nettled
44 Regal display
45 Indulged in railway
48 Change color

DOWN

19 An incarnation of Vishnu
23 Playing marble
24 Founder of antiseptic surgery
26 Dalai
27 Buccal
28 Vital center
29 Light source
32 Goldberg's McNut
35 "—, sweet ladies..."
36 Ophelia
37 Run easily
42 Like Junior's room
43 Breakdown result
46 "—, blue"
47 Small amount
49 Marconi's interest
50 Vapid
51 Nile dam
54 Gobel's wife
56 Within: Comb. form
57 Pruselle flavoring
58 Honor, to Franz
59 Suffix with fib or road
61 Winner's cry
62 Rifle

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DENNIS THE MENACE



"IT WOULDN'T GO 'DING-DING' ANYMORE, SO MR. WILSON FIXED IT FOR ME, AND NOW IT DOESN'T GO CHOO-CHOO ANYMORE EITHER!"

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CANKS
_ _ _ _ _

TIELE
_ _ _ _ _

HAPNOR
_ _ _ _ _

WELLOB
_ _ _ _ _

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here: _ _ _ _ _

(Answers tomorrow)

Tuesday's Jumbles: TEASE ABOVE PREFER LUNACY

Wednesday's Answer: What scolding is a form of — BRUTE "FACE"

WEATHER

EUROPE HIGH LOW

Amsterdam 10 14 10 14

Berlin 12 16 12 16

Brussels 14 18 14 18

Geneva 16 20 16 20

London 18 22 18 22

Paris 20 24 20 24

Rome 22 26 22 26

Stockholm 14 18 14 18

Zurich 16 20 16 20

ASIA HIGH LOW

Bangkok 28 32 28 32

Hong Kong 26 30 26 30

Manila 24 28 24 28

Seoul 22 26 22 26

Shanghai 20 24 20 24

Tokyo 18 22 18 22

Yokohama 16 20 16 20

AFRICA HIGH LOW

Cairo 24 28 24 28

Harare 22 26 22 26

Johannesburg 20 24 20 24

London 18 22 18 22

Paris 20 24 20 24

Rome 22 26 22 26

Stockholm 14 18 14 18

Zurich 16 20 16 20

THURSDAY'S FORECAST — CHANNEL: Rough, FRANKFURT: Rain, Temp. 4-12; 20-30; LONDON: Showers, Temp. 7-14; 40-41; MADRID: Cloudy, Temp. 12-18; 20-21; NEW YORK: Partly Cloudy, Temp. 40-48; 50-52; PARIS: Partly Cloudy, Temp. 10-16; 18-20; ROME: Partly Cloudy, Temp. 12-18; 20-22; SEATTLE: Partly Cloudy, Temp. 40-48; 50-52; SYDNEY: Partly Cloudy, Temp. 12-18; 20-22; TOKYO: Partly Cloudy, Temp. 12-18; 20-22; YOKOHAMA: Partly Cloudy, Temp. 12-18; 20-22.

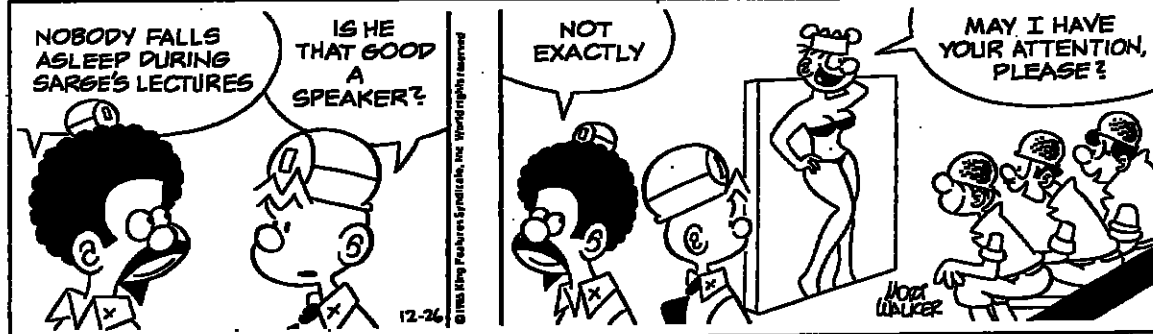
PEANUTS



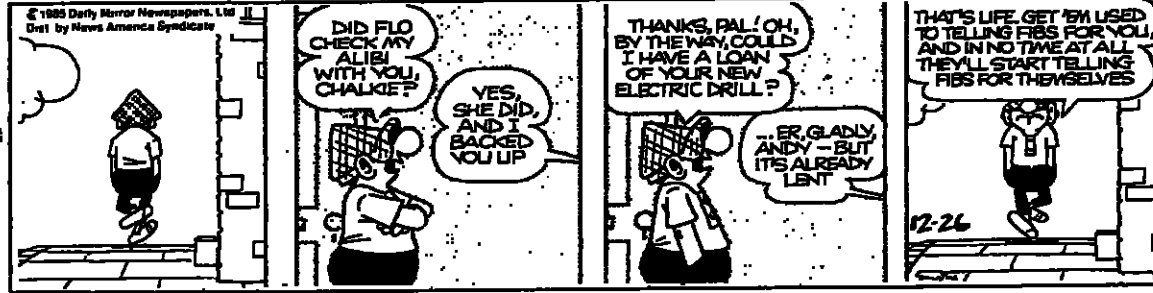
BLONDIE



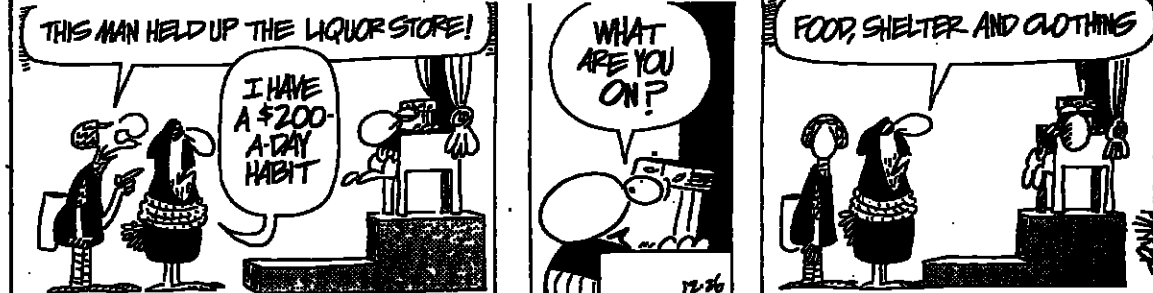
BEETLE BAILEY



ANDY CAPP



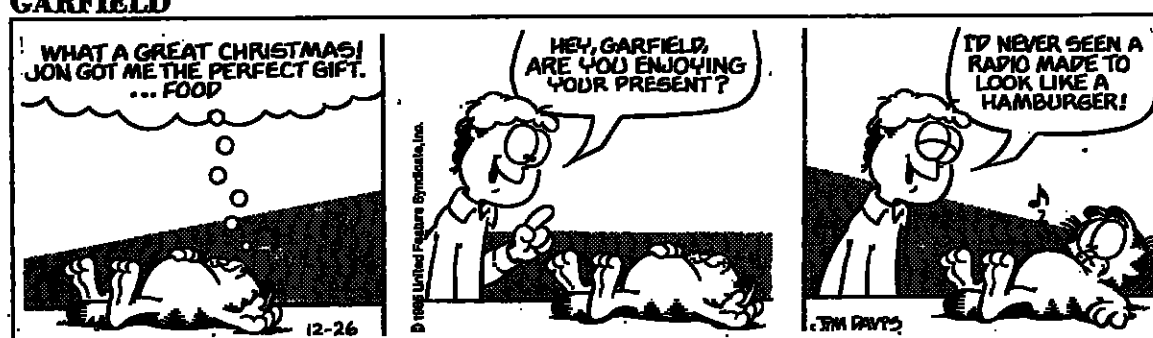
WIZARD OF ID



REX MORGAN



GARFIELD



World Stock Markets

Dec. 24

Closing prices in local currencies unless otherwise indicated.

Amsterdam

Class Prev

ABF Holding 270 270

ABN 270 270

ABN 270 270

ABN 270 270

ABN 270 270

ABN 270 270

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Arco Has Offered to Settle

U.S. Price-Control Charges

New York Times Service

LOS ANGELES — Atlantic Richfield Co. has offered to pay \$225 million to settle U.S. Energy Department charges that the oil company violated federal price controls from the early 1970s to January 1981, the company has disclosed.

In October, the Economic Regulatory Administration of the Energy Department said that Arco owed \$239.9 million in overcharges and \$259.3 million in interest related to oil trades with smaller companies. The charges totaled \$499.2 million.

The smaller companies included Maric Rich & Co., the Swiss-based commodity trading concern, which pleaded guilty in October 1984 to violating federal price controls and other charges and paid a fine of \$150 million.

Arco's proposed settlement, which was disclosed Tuesday through a filing with the Securities and Exchange Commission, stated that the company would reduce its fourth-quarter pretax earnings by \$225 million or by the amount of any settlement reached with the department.

A spokesman for Arco said the department had not responded to the company's offer. The spokesman declined to say whether Arco had admitted or denied any wrongdoing. "We feel this is a fair settlement," the spokesman said. A spokesman for the Energy Department said that the case still was in litigation and declined to discuss any details.

Wall Street analysts said that the proposed settlement, which combined with the \$1.5-billion charge from the company's major restructuring begun in April, would bring Arco a loss of slightly more than \$100 million for the year. If the

agreement is reached, the yearly loss will be the first ever for Arco.

Despite the size of the loss, analysts said the company has strong operating profits and seems to be in good health because of the huge restructuring. "Price-control allegations tend to be complicated, and the controls themselves were ambiguous," Joel D. Fischer, an analyst with Drexel Burnham Lambert Inc., said. "This will technically go down as a loss, but the market is focusing more on the company's operating earnings. Their operations are still very profitable."

Arco's stock closed at \$61.50 Tuesday, down 50 cents on the New York Stock Exchange.

Under the price control program, which was dropped in 1981, companies with access to low-priced supplies of crude oil were required to make payments to companies without access to such supplies. The controls held the prices to an average of about \$7 a barrel at a time when uncontrolled oil of the same grade sold for about \$30 a barrel.

The allegations against Arco are part of a larger investigation by the Energy Department. In a similar action in March, the department charged the Cities Service Oil and Gas Corp. with violating price controls between 1979 and 1981.

Cities Services, which was acquired by the Occidental Petroleum Corp. for \$4 billion in 1982, denied the charges and said it would appeal the case. The government said that Cities Services overcharged for 13 million barrels of oil from wells that were subject to price controls and asked for \$509 million in fines and interest. Frank Ashley, a spokesman for Occidental, said that the case was still pending.

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BOOKS

FDR: THE NEW YORK YEARS 1928-1933

By Kenneth S. Davis. 512 pages. \$19.95.

Random House, 201 East 50th Street, New York, N. Y. 10022.

Reviewed by Walter Goodman

THE subtitle of Kenneth S. Davis's second volume of biography of Franklin Delano Roosevelt might be "The Composition of a President." Davis presents Roosevelt in his mid-40s as an unfinished man, possessed of surprising charm, immense physical courage and instinctive political savvy. But he seemed wanting in commitment to any cause but his own and had little comprehension of the ideological depths into which he was being drawn.

Roosevelt's split political personality, between expediency and reform, is a main theme of "The New York Years 1928-1933." The split was personified by his advisers. Some of them, such as Louis Howe, James Farley and Sam Rosenman, were primarily loyal to the man; others, including Raymond Moley, Rexford Tugwell and Adolf Berle, early members of his "brain trust," were churning out notions for transforming the economy and shaking the power of the big corporations.

Looking ahead to the presidency at an hour of worldwide depression, the potential candidate was confronted with urgent global issues that divided his party — the tariff, the gold standard, the League of Nations. At home, there were farm disasters, bank failures, crushing unemployment and a spreading mistrust of the system. On these and other momentous matters, Roosevelt moved so cautiously that his brain trust sometimes despaired.

Intellectuals grew somewhat scornful of the governor, and leaders of the left became mistrustful. Although Walter Lippmann supported his election in 1932, it was in a condescending spirit. Norman Thomas saw Roosevelt as personally responsible for the Socialist Party's failure to win more than 3 percent of the vote that year despite the Depression, the new president was a portent of the taming of American radicalism. He dragged his feet until attention to the "forgotten man" became good politics, but when he did act, it was always with high spirits and often with dramatic force.

"The New York Years" is generally readable, despite a few journalistic tics of this sort:

"short, thin, sharp-faced, sharp-eyed Basil O'Connor"; "stocky, broad-faced, methodical, industrious Sam Rosenman." And the final few lines, where Davis pulls out all the stops, make one wonder what his editor was doing:

"Farley listened, deeply moved, even awestruck. The man beside him shone with an inward light."

"And outside the train windows was night. Deep, dark, wintry night."

Such organ music does the book a disservice. Davis is no hagiographer. He is an assiduous researcher, a fair-minded analyst and, when not trying too hard, an inviting chronicler.

Walter Goodman is on the staff of The New York Times.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

1 THE MAMMOUTH HUNTERS, by Jean Van Der Ploeg 1 5

2 LAKE WOBEGON DAYS, by Garrison Keillor 2 11

3 CONTACT, by Carl Sagan 3 11

4 SECRETS, by Danielle Steel 4 5

5 THE POLAR EXPRESS, by Chris Van Allsburg 5 8

6 GALAPAGOS, by Kurt Vonnegut 6 12

7 THE CAT WHO WALKS THROUGH WALLS, by Robert A. Heinlein 7 10

8 THE ACCIDENTAL TOURIST, by Anne Tyler 8 9

9 WHAT'S BRED IN THE BONE, by Robertson Davies 9 3

10 LUCKY, by Jasper Collins 10 17

11 THE VAMPIRE LESTAT, by Anne Rice 11 6

NONFICTION

1 YEAGER: An Autobiography, by Chuck Yeager 1 24

2 I COCCOA: An Autobiography, by Leo Iocco 2 60

3 I NEVER PLAYED THE GAME, by Elvis Costello 3 10

4 ELVIS AND ME, by Priscilla Beaulieu Presley 4 14

5 ON THE ROAD WITH CHARLES KURALT, by Charles Kuralt 5 11

6 DANCING IN THE LIGHT, Shirley Maubelle 6 13

7 HOUSE, by Tracy Kidder 7 9

8 ANSEL ADAMS, by Ansel Adams with Mary Street 8 3

9 SHOOT LOW, BOYS — THEY'RE RIDING SHELTER PONIES, by Lewis Guzzard 9 6

10 YOU CAN FOOL ALL OF THE PEOPLE ALL OF THE TIME, by Art Buchwald 10 4

11 MARY IN AMERICA, by Peter Lichner with Richard Lewis and Amy Quinn 11 3

12 A LIGHT IN THE ATTIC, by Shel Silverstein 12 14

13 CHARLES & DIANA, by Ralph G. Martin 13 6

14 COMMON GROUND, by Anthony J. Luks 14 11

ADVICE, HOW-TO AND MISCELLANEOUS

1 TO BE (HAPPY) ATTITUDES, by Robert Schuler 1 2

2 FIT FOR LIFE, by Harvey Diamond and Marilyn Diamond 2 18

3 THE FRUGAL GOURMET, by Jeff Smith 3 4

4 JANE BRODY'S GOOD FOOD BOOK, by Jane E. Brody 4 3

5 CAJANETTES, by Cajun Country with Sallie Bateson 5 8

BRIDGE

By Alan Truscott

ON the diagrammed deal, North and South reached a shaky four-spade contract after West showed minor-suit length with a jump to two no-trump. North's double followed by three spades was intended to be invitational, but South continued to game, perhaps thinking that dummy would be stronger.

A lead of the singleton heart would have been devastating, but West led the club king. East overtook with the ace, and his return of the singleton diamond queen was taken by the ace. South drew trumps ending in his hand and led a

diamond on which West had to play low. When the jack won in dummy a club was led, giving West the lead in this position:

NORTH

♠ A Q 7 2

♥ A K 10 4

♦ A 7 4

♣ A 7 4

WEST

♠ 5 3

♥ 8 7 6 5

♦ K Q J 9 2

♣ A 10 8

EAST

♠ 10 9 8

♥ 3 2

♦ 10 6 5

♣ 9 8 7 6 5

SOUTH (DEALER

